"If you have any query about this document, you may consult issuer, issue manager and underwriter"

PROSPECTUS

For

Public Offering of 900,000 Ordinary Shares of Tk. 100.00 Each (At Par)
Totaling Tk. 90,000,000.00

Of

Takaful Islami Insurance Limited

Opening Date for Subscription: 25.08.2008
Closing Date for Subscription: 31.08.2008
For Non-Resident Bangladeshi (NRBs) Quota Subscription Closes on: 09.09.2008

Manager to the Issue

Prime Finance & Investment Limited
63, Dilkusha C/A (3rd Floor), Dhaka-1000, Phone: 9563883, Fax: 9563692
E-mail: info@primefinance.net, Website: www.primefinance.net

Underwriters

Prime Finance & Investment Limited
63, Dilkusha C.A. (3rd Floor), Dhaka-1000

Uttara Finance And Investment Limited
Jiban Bima Tower (6th Floor), Dilkusha C.A. Dhaka-1000

Union Capital Limited
Noor Tower (5th Floor), 1/F Free School Street
73, Sonargaon Road Dhaka-1205

Grameen Capital Management Limited
Grameen Bank Bhaban, Mirpur-2, Dhaka-1216

Bankers to the Issue

Islami Bank Bangladesh Limited
Southeast Bank Limited
AL-Arafah Islami Bank Limited
National Bank Limited
Shahjalal Islami Bank Limited
Investment Corporation of Bangladesh
Standard Chartered Bank

Credit rating Report by Credit Rating Agency of Bangladesh Limited (CRAB)

Long Term: BB1 & Short Term: ST-4

Issue Date of The Prospectus: 26.06.2008

The issue shall be placed in "N" Category

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA C/A (7TH FLOOR), DHAKA-1000, BANGLADESH
PHONE: 9570928-30; FAX: 880-2-9568212
E-mail: takaful@dhaka.net Website: www.takaful.com.bd

Availability of Prospectus

The Prospectus of **Takaful Islami Insurance Limited** may be obtained from the Issuer Company, The Issue Manager, The Underwriters and The Stock Exchanges as follows:

Issuer Company	Contact Person	Telephone Number
Head Office **Takaful Islami Insurance Limited** 42, Dilkusha C.A., (7th Floor), Dhaka-1000.	**Mr. Abul Kalam Azad** Sr. DGM & Company Secretary	9570928-30

Manager to the Issue	Contact Person	Telephone Number
Prime Finance & Investment Limited 63, Dilkusha C.A., (3rd Floor), Dhaka–1000.	**Mr. Md. Rezaul Haque** Vice President	9563883

Underwriters	Contact Person	Telephone Number
Prime Finance & Investment Limited 63, Dilkusha C.A., (3rd Floor), Dhaka-1000.	**Mr. Md. Rezaul Haque** Vice President	9563883
Uttara Finance And Investment Limited Jiban Bima Tower (6th Floor), 10 Dilkusha C.A., Dhaka-1000	**Mr. S.M. Shamsul Arefin** Managing Director and CEO	9568207
Union Capital Limited Noor Tower (5th Floor), 1/F Free School Street 73, Sonargaon Road Dhaka-1205	**Mr. Ramendra Nath Paul** Managing Director (C.C.)	9662888
Grameen Capital Management Limited Grameen Bank Bhaban, Mirpur-2, Dhaka-1216	**Mr. Md. Aliuzzaman** Managing Director	9005257-69

Stock Exchanges	Available at	Telephone Number
Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka–1000.	DSE Library	9564601-7
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080 Sheikh Mujib Road, Agrabad Chittagong–4100.	CSE Library	(031) 714632-3 (031) 720871-3

Prospectus is also available on the websites **www.secbd.org**, **www.primefinance.net**, **www.takaful.com.bd**, **www.dsebd.org**, **www.csebd.com** and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

Corporate directory

Address	**Takaful Islami Insurance Limited** 42, Dilkusha C.A., (7th Floor), Dhaka-1000, Bangladesh Contact number: 9570928-30 E-mail: takaful@dhaka.net Website: www.takaful.com.bd
Auditors	**A. Hoque & Co.** Chartered Accountants Khan Mansion (5th Floor), 107, Motijheel C.A., Dhaka-1000. Tel: 9564295 & **G. Kibria & Co.** Chartered Accountants Shadharan Bima Sadan (5th Floor) 24-25, Dilkusha C.A., Dhaka-1000 Tel: 9568071
Issue Manager	**Prime Finance & Investment Limited** 63, Dilkusha C.A., (3rd Floor), Dhaka-1000, Tel: 9563883
Company Secretary & Compliance Officer	**Mr. Abul Kalam Azad** Sr. DGM & Company Secretary Tel: 7162305

Table of Contents

Item	Page No.
Disclosure in respect of issuance of securities in demat form	5
Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969	**5**
General information	**8**
Declarations and due diligence certificates	**8**
Declaration about the responsibility of the Directors including the CEO of the Company in respect of the prospectus	8
Consent of the Directors to Serve	9
Declaration about filing of prospectus with the Registrar of Joint Stock Companies & Firms (RJSC)	9
Due Diligence Certificate of Manager to the Issue	9
Due Diligence Certificates of the Underwriter(s)	10
Risk factors & management perceptions about the risks	**10**
Capital structure	**11**
Use of proceeds	**11**
Description of business	**11**
Company at a glance	11
Nature of business	11
Principal products and services and market for the product	12
Relative contribution to income	12
Associate, subsidiary/related holding company	12
Distribution of products/services	12
Competitive condition in business	12
Sources and availability of raw materials and the names of the principal suppliers	12
Sources of, and requirement for power, gas and water or any other utilities	12
Customer providing 10% or more of the company's products /service	12
Material patents, trademarks, licenses or royalty agreements	12
Number of employees	12
Description of property	**13**
Plan of operation and discussion of financial condition	**13**
Internal and external sources of cash	13
Material commitment for capital expenditure	13
Causes for Material changes from period to period	13
Seasonal aspect of the Company's business	13
Known trends, events or uncertainties	14
Changes in the assets of the Company used to pay off any liabilities	14
Loan taken from holding/parent company or subsidiary company	14
Loan given to holding/parent company or subsidiary company	14
Future contractual liabilities	14
Future capital expenditure	14
VAT, income tax, customs duty or other tax liability	14
Operating lease agreement	14
Financial lease commitment	15
Personnel related scheme	15
Breakdown of issue expenses	15
Revaluation of assets	16
Transactions with holding/subsidiary company or associated companies and the issuer	16
Declaration for Insurance Company	16
Auditors certificate about issue of shares other than for cash	16
Material information which is likely to have an impact	16
Directors and officers	**17**
Information regarding directorship	17
Directors' involvement in other organization	17
Family relationship between the directors and Officers	19
Family relationship between the directors and Officers	19
Short bio-data of the directors	19
Credit Information Bureau (CIB) report	21
Description of senior executives and officers	22
Involvement of Directors and Officers in certain legal proceedings	**22**
Certain Relationships and Related Transactions	**22**
Transaction with related parties	22
Executive compensation	**23**
Remuneration paid to top five salaried officers	23
Aggregate amount of remuneration paid to Directors and Officers	23
The amount of remuneration paid to any Director who was not an Officer during the last accounting year	23
Future compensation	23
Pay increase intention	23

Options granted to Directors, Officers and Employees 23
Transaction with the Directors and Subscribers to the Memorandum 23
Tangible assets per share 24
Ownership of the Company's securities 25
Shareholding structure as on 31 December, 2007 25
Securities owned by the Officers 25
Determination of Offering Price 26
Market for the Securities being Offered 27
Description of Securities outstanding or being Offered 27
Dividend, voting, pre-emption rights 27
Conversion and liquidation rights 27
Dividend policy 27
Other rights of shareholders 28
Debt securities 28
Lock-in on Sponsors' share 28
Refund of Subscription money 29
Subscription by and refund to Non-Resident Bangladeshi (NRB) 29
Availability of Securities 29
Offer 29
Application for subscription 30
Banker to the Issue 31
Allotment 32
Underwriting of shares 32
Principal terms and conditions of underwriting agreement 32
Auditors' report to the shareholders of Takaful Islami Insurance Limited as on 31 December, 2007 33
Auditors' report under section 135(1), para 24(1) of part II of schedule III to Companies Act, 1994 64
Auditors certificate regarding calculation of Ratios and EPS 71
Auditors's report regarding classified summary of assets as on 31 December, 2007 72
Special report of the auditor regarding paid up caipital 73
Additional disclosure by the Auditor 74
Additional Disclosure by the Management 79
Application forms 80
Shariah Council 84
Additional Disclosure by The Management regarding rectification/amendment
in the audited accounts 31st December, 2007 and entilement of dividend for the year ended 2007 85

Disclosure in respect of issuance of security in demat form

As per provision of the Depository Act, 1999 and regulations made thereunder, shares will only be issued in dematerialized form only and for this purpose Takaful Islami Insurance Limited has signed an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, All transfer/transmission, splitting, and conversion will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 9,00,000 ordinary shares of Tk.100.00 each at par worth Taka 9,00,00,000.00 (Taka Nine Crore) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue Manager within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted Prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five**) working days from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07 (seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely:-

   "Declaration about Listing of Shares with the Stock Exchange(s):

   None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

   In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

   The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."
10. The subscription list shall be opened and the sale of securities commenced **after 25 (twenty five)** days of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days.**

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.

13. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.

14. Upon completion of the period of subscription for securities the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -

    (a) Total number of securities for which subscription has been received;
    (b) Amount received from the subscription; and
    (c) Amount of commission paid to the banker to the issue.

15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue manager). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **6 (six) weeks** from the date of the subscription closure) if any of the following events occur:

    (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
    (b) At least 50% of the IPO is not subscribed.

17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.

18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Tk. 5,000/-.** If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

19. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**

20. **The primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. All IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**

21. Lottery (if applicable) shall be held within **5 (five) weeks** from closure of the subscription date.

22. The company shall issue share allotment letters to all successful applicants within **6 (six) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest through Account Payee Cheque/refund warrants with Bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/Chittagong/Khulna/Rajshahi/Barisal/Sylhet/Bogra, as the case may be **subject to condition 19 above.**

    Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to the issue and other banks as disclosed in the prospectus. A compliance report in this regard shall be submitted to the Commission within **7(seven) weeks** from the date of closure of subscription.

23. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.

24. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten

shares within **10 (ten) days** of the subscription closing date on full payment of the share money within **15 (fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.

25. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in of three years** from the date of issuance of prospectus or commercial operation, whichever comes later;
    Provided that the persons, other than directors and those who hold 5% or more shares, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in of one year** from the date of issuance of prospectus or commercial operation, whichever comes later.
26. Either a Jumbo Share (one for each of the existing Sponsors/Directors/Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period **or** Sponsors/Directors /Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at **para-25 above**.
27. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within **one week** of listing of the shares with the stock exchange(s).
28. In case of dematerialization of shares held by the existing Sponsors/Directors/Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).
29. The company shall apply to the stock exchanges for listing within **7 (seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
30. The company shall not declare any benefit other than cash dividend based on the financial statements for the period ended December 31, 2007.

Part –B

1. The issue manager (i.e Prime Finance & Investment Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue manager shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/ inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).
8. **Directors on the company's Board:** This will be in accordance with the applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (including rights/bonus) will be made in dematerialized form only.
   An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).
2. The issue manager shall also ensure due compliance of all above.

General Information

The Prospectus has been prepared by **Prime Finance & Investment Limited** from information supplied by **Takaful Islami Insurance Limited** (the Company) and also several discussions with the Chairman, Managing Director, Directors and related Executives of the Company which is publicly available. The Board of Directors of **Takaful Islami Insurance Limited** hereby confirms that to the best of their knowledge and belief the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by **Takaful Islami Insurance Limited** (the Company) or the **Prime Finance & Investment Limited** (Issue Manager).

The Issue, as contemplated in this document, is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person residing outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this prospectus can be obtained from the head office of Takaful Islami Insurance Limited, Prime Finance & Investment Limited, the Underwriters, and the Stock Exchanges where the securities will be traded.

Declarations and due diligence certificates

Declaration about the Responsibility of the Directors and CEO of the Company "Takaful Islami Insurance Limited" in respect of the Prospectus

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-
(Md. Fazle Azim)
Chairman

Sd/-
(Khondaker Mesbahuddin Ahmed)
Vice-Chairman

Sd/-
(Emdadul Haque Chowdhury) (Emdad)
Director

Sd/-
(Anwar Hossain Khan)
Director

Sd/-
(Mrs. Nasreen Haque)
Director

Sd/-
(Anwar Hossain Chowdhury)
Director

Sd/-
(Abul Hashem)
Director

Sd/-
(Hasnain Harun)
Director

Sd/-
(Al-Haj Tofazzal Hossain)
Director

Sd/-
(Mrs. Shamima Haidar Chowdhury)
Director

Sd/-
(Mrs. Ferdous Rahman)
Director

Sd/-
(Md. Touhidur Rahman)
Director

Sd/-
(Samsul Arefin Khaled)
Director

Sd/-
(Mrs. Amena Shaheen)
Director

Sd/-
(Md. Mofiz Uddin)
Director

Sd/-
(Muhammad Nurul Islam)
Director

Sd/-
(A.K.M. Rafique Ullah)
Director

Sd/-
(Mrs. Manwara Sultana)
Director

Sd/-
(Md.Humayun Kabir Patwary)
Director

Sd/-
(Waliul Huq)
Director

Sd/-
(Begum Husne Jahan)
Director

Sd/-
(Abul Kashem Chowdhury)
Managing Director

Consent of the Director(s) to Serve as Director(s)

We hereby agree that we have been serving as Director(s) of Takaful Islami Insurance Limited and continue to act as a Director of the Company.

Sd/-	Sd/-	Sd/-
(Md. Fazle Azim)	(Khondaker Mesbahuddin Ahmed)	(Emdadul Haque Chowdhury)(Emdad)
Chairman	Vice-Chairman	Director
Sd/-	Sd/-	Sd/-
(Anwer Hossain Khan)	(Mrs. Nasreen Haque)	(Anwar Hossain Chowdhury)
Director	Director	Director
Sd/-	Sd/-	Sd/-
(Abul Hashem)	(Hasnain Harun)	(Al-Haj Tofazzal Hossain)
Director	Director	Director
Sd/-	Sd/-	Sd/-
(Mrs. Shamima Haidar Chowdhury)	(Mrs. Ferdous Rahman)	(Md. Touhidur Rahman)
Director	Director	Director
Sd/-	Sd/-	Sd/-
(Samsul Arefin Khaled)	(Mrs. Amena Shaheen)	(Md. Mofiz Uddin)
Director	Director	Director
Sd/-	Sd/-	Sd/-
(Muhammad Nurul Islam)	(A.K.M. Rafique Ullah)	(Mrs. Manwara Sultana)
Director	Director	Director
Sd/-	Sd/-	Sd/-
(Humayun Kabir Patwary)	(Waliul Huq)	(Begum Husne Jahan)
Director	Director	Director

Declaration about filing of Prospectus with the Registrar of Joint Stock Companies & Firms

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the Peoples' Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994, vide RJSC's Receipt No. 0175716 dated 26/06/2008

Due Diligence Certificate of Manager to the Issue

Sub: Public offer of 900,000 Ordinary Shares of TK. 100.00 each of Takaful Islami Insurance Limited

We, the under-noted Manager to the Issue to the above mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and

2. On the basis of such examination and the discussions with the issuer company, it's Directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

(a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;

(b) all the legal requirements connected with the said issue have been duly complied with; and

(c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-

Md. Akter Hossain Sannamat FCA, FCS
Managing Director
Prime Finance & Investment Limited

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER (S)

Sub: Public Offer of 900,000 Ordinary Shares of Tk. 100.00 each of Takaful Islami Insurance Limited

We, the under-noted Underwriter(s) to the abovementioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and

2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company; -

WE CONFIRM THAT:

(a) all information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
(b) we shall subscribe and take up the un-subscribed securities against the abovementioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
(c) this underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/- Managing Director Prime Finance & Investment Ltd.	Sd/- Managing Director Union Capital Limited	Sd/- Chief Executive Officer ICB Capital Management Limited
Sd/- Managing Director Uttara Finance And Investment Limited		

Risk factors & Management perceptions about the risks

The Company is operating in a field involving a great deal of external/internal risk factors and the management of Takaful Islami Insurance Limited perceives the risk factors which are as follows simultaneously: -

Interest rate risks

Increase in interest rates of borrowings could squeeze or eliminate the spread, or result in a negative spread, and hence, may have a material adverse effect on the business of a company which borrows funds.

Management perception

Company runs its business on the guideline of Islami saria'h. So interest is not involved to its business.

Exchange rate risks

Devaluation of local currency against major international currencies affects business performance of import based companies or companies borrowed in foreign currency adversly.

Management perception

Takaful insurance company neither has import business and nor has foreign currency loan. For that, exchange rate cannot impect adversly.

Industry risks

The company is operating in highly competitive industry. Inability to cope with presure for better services or new products to customers by competiting organization will hinder the company's growth potentiality.

Management perception

The insurance industry has been evolving with healthy face for last couple of decades and the business of the company is withnesed of continious growth for proper guidlines of management and attempts of its employee compare to peer organizations.

Market and technology related risks

Liberalization of permission to set up more insurance companies by government and adoption of moderate technology by existing insurance companies may result in severe competition amongst insurers reducing premium income and profitability.

Management perception

Takaful Islami Insurance Limited does not apprehend any loss of business due to its competent management team and expanding trend of insurance business in the country. The company has already proved its leading role by its attractive performance. Management of the company is renowned and resourceful and vissionable to embrace with modern tecnology to ensure the better services.

Potential or existing government regulations

Government policy change in respect of imposing new tax, VAT, stamp duty, re-insurance and limitation of investment may also affect smooth functioning insurance business.

Management perception

According to the Insurance Act 1938 and Insurance Rules, 1958, all insurance companies have to comply with the allowable limit of expenses and investment policy. The government, which is the owner of Sadharan Bima Corporation, is not expected to change policies relating to insurance requirements, affecting the income of the insurance companies without proper consequential relief for self-interest.

Potential change in global or national policies

Any structural change in the international insurance business adversely affecting reinsurance operations may have negative impact on the profitability of the Company.

Management perception

The history of insurance/ re-insurance business for over two hundred years proves that any major structural change affecting our reinsurance business is unimaginable. Any such event would create a global destabilization, which the major economics must not cause to happen.

Operational Risk

According to letter no Pro: Bi: Ni: 83/11/2004/2117 dated 12/12/2007 of the Chief Controller of Insurance, a penalty was imposed for failing to float shares to the public from 22/11/2004 til 30/6/2007.A total fine of Tk. 7,64,500 til 30/6/2007 was imposed. The company is liable to pay penalty til it floats shares to the public which may affect the profitability adversely.

Management perception

The Company has paid Tk. 2,18,500 (Two Lac Eighteen Thousand Five Hundred) only on 25-01-2007 vide Bangladesh Bank chalan no GA KA -2/65 dated 25/01/2007 and Tk 7,64,500 vide Bangladesh Bank chalan no 70/2 dated 12/03/2008 for the non compliance of IPO. Now the company is going for initial public offering (IPO) of share. Penalty amount if any after settlement with the controller of insurance may be paid from the normal business operation which does not impede profitability of the Company.

Capital structure

The capital structure of Takaful Islami Insurance Limited before and after IPO will be as under:

A.	**Financial structure prior to Initial Public Offering (IPO)**		(Amount in Taka)
	Issued & fully paid up capital as on 31.12.2007		**Tk. 6,00,00,000.00**
B.	**Financial structure after Initial Public Offering (IPO)**		
	IPO		
	a) Initial Public Offer (Non Resident Bangladeshi)		Tk. 90,00,000.00
	b) Initial Public Offer (Mutual Fund)		Tk. 90,00,000.00
	c) Initial Public Offer (General Public)		Tk.7,20,00,000.00
		Total	**Tk.90,000,000.00**
C.	**Total capital structure after IPO (A+B)**		**Tk. 15,00,00,000.00**

Use of proceeds

The public issue is the compliance of statutory requirement of the company. The proceeds will strengthen the capital base of the company and will be used for investment, which will augment the business of the company.

Description of Business

Company at a glance

Takaful Islami Insurance Limited was incorporated as **"SEARS INSURANCE COMPANY LIMITED"** on December 21, 1999 as a public company limited by shares and obtained business commencement certificate on December 21, 1999 under Companies Act,1994 and registered under the Department of Insurance on May 22, 2001 under Section 3 of the Insurance Act, 1938. The company changed its name to "**TAKAFUL ISLAMI INSURANCE LIMITED"** on December 27th 2001 under section 11, sub-section (5), Act VIII of the Companies Act 1994. The authorized capital of the company is Tk. 20.00 crore divided into 2,000,000 ordinary shares of Tk. 100.00 each. The sponsors/subscribers have already contributed to the paid-up capital of Tk. 60,000,000.00 as per requirement of the provision contained under the seventh schedule of the Insurance Act 1938, The Insurance Rules 1958 and Memorandum and Articles of Association of the company. Now the company proposes to raise the paid-up capital to Tk. 150,000,000.00 by issuing 900,000 ordinary shares of Tk. 100.00 each by way of Initial Public Offering (IPO).

Nature of business

Takaful Islami Insurance Limited is the prominent insurance company of the country, which operates its insurance business on the basis of Islami Saria'h law.

Principal product and services

The Company is carrying out following types of insurance/reinsurance businesses:

(i) Fire insurance business
(ii) Marine cargo insurance business
(iii) Marine hull insurance business
(iv) Motor insurance business
(v) Miscellaneous business

Market for the product

The Company has number of financial products, market for which is spread all over the country.

Relative contribution to sales and income of each product that accounts for more than 10% of company's total revenue

(as per audited accounts)

Particulars	31-12-2007 Amount in Taka	(%)	31-12-2006 Amount in Taka	(%)
Profit, interest, dividends and rents	98,17,823	31.35	90,17,173	61.57
Other Income	62,51,542	20.00	0	0
Revenue Income	1,52,40,212	48.67	56,27,549	38.42
Total	**3,13,09,577**	**100**	**14,644,722**	**100**

Associate, subsidiary/related holding company

The Company has no associate, subsidiary/related holding company.

Distribution of Products/Services

The Company conducts the business operations under the supervision of Board of Directors and the legal framework of the Insurance Act. 1938 and Insurance Rules 1958, as amended from time to time. The Company operates its business through the Head Office at 42, Dilkusha Commercial Area (7th Floor), Dhaka-1000 and 27 Branches throughout the country with the professional staff/executives. The Company also engages the services of research, experts and surveyors for professional assistance wherever necessary. Accounting and technical staffs provide the back office support in issuance of "Policy-Covers" and "Claim-settlements".

Competitive condition in the Business

After liberation in 1971, the insurance industry was nationalized and was controlled by two state owned institutions namely Sadharan Bima Corporation for general insurance and Jiban Bima Corporation for life Insurance (with the exception of American Life Insurance Co. in the private sector), there are at present 43 general insurance and in the private sector. Over the years general insurance business has grown very competitive as the economic growth, especially the private sector industrial growth, has not been as expected. It is however need to mention that despite tough competition, the company's business operations show satisfactory performance. So far already 35 insurance companies have gone Public (Including 9 life insurance companies) and their shares are all traded.

Sources and availability of raw materials and the names of the principal suppliers

The Company being a service provider operates on the basis of professional expertise relevant to insurance industry. Its' product is a service and its' raw materials are human resources. The Company has procured the experienced professional personnel from the existing insurance companies including Sadharan Bima Corporation.

Sources of, and requirement for power, gas and water or any other utilities

The Company does not require such utilities except for ordinary use in office work.

Names of the customer who purchase 10% or more of the Company's products/service

The Company has no such type of customer.

Material patents, trademarks, licenses or royalty agreements

The Company has no material patents, trademarks, license or royalty agreement.

Number of employees

(as on 31 December, 2007)

The total number of employees as on 31/12/2007 is 587 persons. All the above stated employees are full-time.

Description of property

1. The principal palnt and other property as shown in the fixed asset schedule of the audited accounts as on 31 Decemeber, 2007 are located at 42, Dilkusha C/A and the property are purchase in brand new condition.
2. The company owns the entire property and none is on leased or borrowed.
3. The property of the company is not mortgaged with any one nor they're any lien on them.

Plan of operation and discussion of financial condition

Internal and external sources of cash

Internal Sources of Cash (as per audited accounts)

Particulars	31-12-2007	31-12-2006	31-12-2005
Share Capital	60,000,000	60,000,000	60,000,000
Reserve & Surplus • Reserve for exceptional lossess • Balance of Profit & Loss Appropriation Account	24,289,213	7,914,724	1,026,195
Total	**84,289,213**	**67,914,724**	**61,026,195**

External Sources of Cash

Premium Deposits	3,976,810	6,070,380	9,666,565
Total	**88,266,023**	**73,985,104**	**70,692,760**

Material commitment for capital expenditure

The Company has not yet made any material commitment for capital expenditure except for those that are required in the course of carrying out of normal business operations.

Causes for material changes from period to period

The Company's gross premium and other income as well as operating expenses and net income have continued to change or increase due to business promotion efforts of the Directors and Management staff. The following Table shows the year to year financial performance of the Company and which is increasing due to the companys long terms vision in this sector, experienced top tier Management, favorable economic and government rules sand regulations which may absolutely contributing for growth of the industry. [as per audited accounts]

Particular	2007	2006	2005
	Taka	Taka	Taka
Operating Income			
Interest and Dividend Income	9,817,823	9,017,173	8,769,184
Miscellaneous Income	1,000	-	-
Profit on sale on shares	4,879,353	-	-
Profit on sale of motor car	1,371,189	-	-
Profit/Loss from Revenue Account			
Fire Revenue Account	(4,200,003)	(6,890,885)	18,996
Marine Cargo Revenue Account	17,815,230	12,278,388	12,266,590
Marine Hull Revenue Account	(207,080)	390,687	(694,299)
Motor Revenue Account	1,003,955	296,535	(436,097)
Miscellaneous Revenue Account	828,110	(447,176)	(230,958)
Total Operating Income (A)	**31,309,577**	**14,644,722**	**19,693,416**
Operating Expenses			
Directors Fee	242,000	228,000	220,000
Advertisement	1,040,711	863,834	678,856
Subcription & Donation	791,000	370,000	332,422
Legal Expenses	127,200	108,645	127,678
Preliminery Expenses	-	10,669	10,669
Lease Rental	-	-	1,459,290
Registration & Renewal	714,664	787,304	439,388
Salary & Allowance (Head Office)	-	-	4,490,310
Depreciation	905,387	962,741	891,101
Festival Bonus	-	-	1,901,400
Audit Fee	117,750	75,000	25,000
Total Operating Expenses (B)	**3,938,712**	**3,406,193**	**10,576,114**
Net Income (A - B)	**27,370,865**	**11,238,529**	**9,117,302**

Seasonal aspect of the Company's business

There is no seasonal aspect in insurance business in the country.

Known trends, events or uncertainties

Political unrest, hartal, flood and natural calamities are the known events that may affect the business operations of the Company.

Changes in the assets of the company used to pay off any liabilities

No asset of the company has been disposed off to pay the liabilities.

Loan taken from holding /parent company or subsidiary company

The company has no holding/parent or subsidiary company. So loan taking from or giving to such concerns does not arise.

Loan given to holding/ parent company or subsidiary company

The Company has not given any loan to its holding/ parent company or subsidiary company.

Future contractual liabilities

The Company does not have any plan within next one year to contract any new liabilities except those that are required by way of insurance / reinsurance contract in the ordinary business operations.

Future capital expenditure

The company does not has any plan for any large capital expenditure in the near future.

VAT, income tax, customs duty or other tax liability

VAT

VAT is paid on monthly basis. The Company has no outstanding VAT upto March 2008. Since the VAT is being paid by the Company on monthly basis, there is no VAT liability. There is no case pending with the VAT authority against the Company.

Income Tax

Assessment year		Status
2002-2003	:	Assessment completed with nil tax
2003-2004	:	Assessment completed with nil demand of notice
2004-2005	:	Do
2005-2006	:	Assessment completed with refundable amount Tk. 11,94,740
2006-2007	:	Assessment completed Net Tax Demand Tk. 1,29,90,550 against which appeal is made on 7/1/2008 which is not yet settled
2007-2008	:	The Income Tax return has been submitted to concerned department on 15/7/2007and it is under process of assessment

Custom duty or other liabilities

There are no dues outstanding on account of custom duty.

Operating lease agreement

Operating Lease during last five years:

Particulars of Leased Premises	Area (sft.)	Monthly Amount (in Taka)	Date of Expiry
Head Office	3,800	54,150	30-11-2010
Local Office	1,000	11,000	31-07-2008
Dilkusha Corporate Branch	600	6,600	31-07-2008
Motijheel Branch	600	10,800	30-06-2008
B.B.Avenue Branch	1,000	11,000	30-08-2008
Elephant Road Branch	945	11,665	31-08-2009
Imamgang Branch	350	7,000	30-04-2008
Malibagh Branch	400	4,400	31-07-2008
Bangshal Branch	400	5,000	30-06-2010
Paltan Branch	400	4,400	31-07-2008
Kawran Bazar Branch	400	4,400	31-07-2008
Agrabad Branch	900	15,300	30-11-2008
Khatungang Branch	500	5,500	30-04-2010
Chowmuhini Branch	500	2,500	31-12-2010
Comilla Branch	500	4,000	28-02-2011
Sylhet Branch	548	5,480	14-08-2009
Dinajpur Branch	450	1,500	30-06-2008
Rajshahi Branch	1,000	5,500	31-12-2011
Saidpur Branch	200	2,000	31-12-2011
Bogra Branch	400	2,500	31-10-2009
Khulna Branch	570	3,400	31-07-2008
Jessore Branch	500	2,500	30-04-2009
Faridpur Branch	450	3,000	30-09-2008
Barisal Branch	800	5,000	30-06-2008
Jhenaidah Branch	600	1,500	30-04-2010

Mymensingh Branch	600	3,000	31-01-2009
Mohakhali Branch	400	5,200	31-11-2010
Narayanganj Branch	500	3,500	31-03-2009
Narsingdi Branch	1750	4,000	30-06-2010
Kishoreganj Branch	700	2,500	31-07-2009

Financial lease commitment

Details of financial lease is as follows

Name of Lessor	Assets- Nos	Lease Amount	Period	Monthly Rental	Expiration of Lease
M/s. Islamic Finance & Investment Ltd	Motor Car - 01	1,222,000.00	3 yrs	44,180.00	10/02/2009
Do	Motor Car - 03	3,343,000.00	3 yrs	120,860.00	20/03/2009
Do	Motor Car- 03	24,30,000.00	3 yrs	87,850.00	10/04/2010
Do	Motor Car- 01	11,35,000.00	3 yrs	41,050.00	05/07/2010
Do	M. Bus- 01	15,35,000.00	3 yrs	55,500.00	20/07/2008

Personnel related scheme

The company considers its human resources as the most valuable asset of the company and has been continuing to train, equip, and groom fresh recruits for building a strong foundation. In order to enhance and advance the professional ability and knowledge of the employees, regular training programs are organized at different professional institutions. Besides, TIIL has a well-designed compensation plan for attracting highly skilled professional staff with high degree of integrity. Employee's performance is regularly evaluated and a good number of them have been promoted as reward for their good contribution to the company. The company has introduced schemes of festival bonus.

Breakdown of issue expense

The total IPO expenses are estimated as follows:

Particulars	Nature of Expenditure	Amount in Taka
Manager to the Issue Fee	Fixed	450,000
Underwriting commission	Fixed	450,000
SEC fee:		
Application fee	Fixed	10,000
Consent fee	Fixed	135,000
Fees related to the stock exchanges:		
Application fee (DSE)	Fixed	5,000
Annual fee for DSE and CSE	Fixed	100,000
Listing fees for stock exchanges (DSE & CSE)	Fixed	650,000
CDBL fees and expenses:		
Documentation fee	Fixed	2,500
Annual fee	Fixed	50,000
Initial Public Offering fee	Fixed	22,500
Commission expenses:		
Bankers to the issue commission	Variable	3,150,000
Reporting Charges		
Auditors certification fee	Fixed	100,000
Expenses related to printing and publications:		
Abridged version of prospectus	Fixed	200,000
Notice for prospectus, lottery, refund	Fixed	240,000
Printing of prospectus and forms	Fixed	300,000
Distribution of Prospectus and Collection forms and data processing	Variable	3,200,000
Lottery related expenses including BUET fee	Fixed	500,000
Distribution of allotment letters and refund warrants	Variable	500,000
Other expenses	Variable	50,000
Total		**10,115,000**

Revaluation of assets

No revaluation has been made in the company's assets and liabilities.

Transactions with holding /subsidiary company or associate company and the Issuer

The Company has no holding /subsidiary company or associate company hence no transaction has taken place with them.

Declaration for Insurance Company

We hereby declare that all requirements have been met as specified in the Inurance Act, 1938 (Act No IV of 1938) have been adhered to.

Sd/- (Md. Fazle Azim) Chairman	Sd/- (Khondaker Mesbahuddin Ahmed) Vice-Chairman	Sd/- (Emdadul Haque Chowdhury) (Emdad) Director
Sd/- (Anwer Hossain Khan) Director	Sd/- (Mrs. Nasreen Haque) Director	Sd/- (Anwar Hossain Chowdhury) Director
Sd/- (Abul Hashem) Director	Sd/- (Hasnain Harun) Director	Sd/- (Al-Haj Tofazzal Hossain) Director
Sd/- (Mrs. Shamima Haidar Chowdhury) Director	Sd/- (Mrs. Ferdous Rahman) Director	Sd/- (Md. Touhidur Rahman) Director
Sd/- (Samsul Arefin Khaled) Director	Sd/- (Mrs. Amena Shaheen) Director	Sd/- (Md. Mofiz Uddin) Director
Sd/- (Muhammad Nurul Islam) Director	Sd/- (A.K.M. Rafique Ullah) Director	Sd/- (Mrs. Manwara Sultana) Director
Sd/- (Md. Humayun Kabir Patwary) Director	Sd/- (Waliul Huq) Director	Sd/- (Begum Husne Jahan) Director

Auditors' certificate about issue of shares other than for cash

A special report from the auditor's

We have verified the Cash Book, Share Register and other related documents of Takaful Islami Insurance Limited and confirm that the Company has not allotted / issued any shares for consideration other than cash.

	Sd/-	Sd/-
Dated: 22nd March, 2008	A. Hoque & Co.	G. Kibria & Co.
Place: Dhaka, Bangladesh	Chartered Accountants	Chartered Accountants

Material information which is likely to have an impact

There is no other material information which is likely to have an impact on the offering or change of the terms and conditions under which the offer has been made to the public.

Directors and officers

Information regarding directorship

Sl. No.	Name	Age	Position	Date of becoming first Director	Expiry of current term
1.	Mr. Mohammad Fazle Azim	65 yrs	Chairman	19-05-01	2008
2.	Mr. Khondaker Mesbahuddin Ahmed	64 yrs	Vice Chairman	19-05-01	2008
3.	Mr. Emdadul Haque Chowdhury	53 yrs	Director	19-05-01	2010
4.	Mr. Anwar H. Chowdhury	53 yrs	Director	19-05-01	2008
5.	Mr. Anwar Hossain Khan	48 yrs	Director	19-05-01	2008
6.	Mr. Md. Tauhidur Rahman	58 yrs	Director	19-05-01	2009
7.	Mr. Samsul Arefin Khaled	39 yrs	Director	19-05-01	2009
8.	Mrs. Amena Shaheen	43 yrs	Director	19-05-01	2009
9.	Mr. Md. Humayun Kabir Patwary	47 yrs	Director	02-05-02	2009
10.	Mr. Abul Hashem	30 yrs	Director	19-05-01	2009
11.	Al-Haj Tofazzal Hossain	52 yrs	Director	19-05-01	2009
12.	Mr. A.K.M. Rafiqullah	56 yrs	Director	19-05-01	2010
13.	Mr. Waliul Huq	50 yrs	Director	02-05-02	2009
14.	Mr. Muhammad Nurul Islam	61 yrs	Director	28.07.2007	2010
15.	Mrs. Nasreen Haque	41 yrs	Director	29.05.2007	2010
16.	Mr. Hasnain Harun	26 yrs	Director	19-05-01	2008
17.	Mr. Md. Mofiz Uddin	46 yrs	Director	31-12-99	2008
18.	Mrs. Shamima Haider Chowdhury	45 yrs	Director	19-05-01	2010
19.	Mrs. Husne Jahan	33 yrs	Director	19-05-01	2010
20.	Mrs. Ferdous Rahman	39 yrs	Director	19-05-01	2008
21.	Mrs. Manwara Sultana	46 yrs	Director	19-05-01	2010

Directors' involvement in other organization(s)

Sl. No.	Name of Director	Name of the Organizations	Status
1	Mr. Md. Fazle Azim	1. Capital Credit Co-operative Society Ltd. 2. Chowdhury and Company	Chairman Proprietor
2	Mr. Khondaker Mesbahuddin Ahmed	1. Aqua Consultant & Associate Ltd. 2. Al-Arafah Islami Bank Ltd. 3. HURDCO Ltd. 4. Central Hospital Ltd.	Managing Director Director Director Director
3	Mr. Emdadul Haque Chowdhury	1. Saint Garments Ltd. 2. Eian Apparels Ltd. 3. Stage II Ltd. 4. DN Securities Ltd. 5. Lucky Corner 6. Kattali Textile Ltd. 7. Lucky Shipping	Chairman & MD Do Do Do Do Do Do

4	Mr. Anwar Hossain Chowdhury	1. A.J International 2. A.J Embroidery Ltd. 3. A.J. Super Garments Limited 4. Islamic Finance & Investment Ltd. 4. a) Lucky Star Apparels Ltd. b) A.J Fashions Ltd. c) Sears Accessories Ltd. 5. Bangladesh Institute of Communication and Studies and Public Relation (BICSPR)	President Chairman Managing Director Director Managing Director Managing Director Chairman Chairman
5	Mr. Anwar Hossain Khan	1. Shahjalal Islami Bank Ltd. 2. Fareast Finance & Investment Ltd. 3. Modern Diagnostic Centre Ltd. 4. Modern Diabetic Center Ltd. 5. Haji Shakwat Anwar eye Hospital	Director Do Chairman & MD Managing Director Managing Director
6	Mr. Md. Tauhidur Rahman	1. Fresh Foods Ltd. 2. Sea Fresh Ltd. 3. Shahjalal Islami Bank Ltd. 4. Euro Trande Ltd 5. Libas Textile Ltd 6. Fresh Trading Ltd	Managing Director Do Director Managing Director Managing Director Managing Director
7	Mr. Samsul Arefin Khaled	1. Popular Life Insurance Ltd. 2. Moon Light Garments Ltd. 3. Khaled Shipping Lines Ltd. 4. Mohammadi Navigations Ltd. 5. Ehsan Garments Ltd. 6. Bass Computonix Ltd. 7. Nourish Poultry & Hatchery Ltd.	Director Do Do Do Do Do
8	Mrs. Amena Shaheen	1. Chattragram Multi Purpose Development Ltd. 2. Surgyscope Pvt. Ltd.	Director Do
9	Mr. Humayun Kabir Patwary	1. Park Trading Corporation 2. Chattragram Multi Project Development Pvt. Ltd. 3. Chittagong Metropolitan Hospital	Proprietor Director Do
10	Mr. Abul Hashem	1. Ambia Apparels Ltd. 2. Ambia Sweaters Ltd. 3. Tejarat Trading 4. Ambia Accessories Ltd. 5. Ambia Steel & Re-rolling Mills Ltd. 6. Patenga Builders Corp. Ltd. 7. Ocean Construction Ltd. 8. Ambia Ship Breakers Ltd.	Director Do Do Do Do Do Do Do
11	Al-Haj Tofazzal Hossain	1. Shahjalal Islami Bank Ltd. 2. Everbest Textile (Pvt.) Ltd. 3. Fareast Finance & Investment Ltd.	Director Managing Director Director
12	Mr. A.K.M. Rofiqullah	Srijanee Printers	Proprietor
13	Mr. Waliul Huq	1. Candid Printing & Packaging 2. Candid Advertising	Proprietor Do
14	Muhammad Nurul Islam	Nil	Nil
15	Mrs. Nasreen Haque	1. Saint Garments Ltd. 2. Eian Apparels Ltd. 3. Stage II Ltd. 4. Lucky Corner 5. Kattali Textile Ltd.	Director Do Do Do Do
16	Mr. Hasnain Harun	1. Rubia Vegetable Oil Mills Ltd.	Director
17	Mr. Md. Mofiz Uddin	1. R.R. Securities Ltd. 2. Capital Credit Co-operative Society Ltd. 3. Homeland Life Insurance Ltd.	Director Do Do
18	Mrs. Shamima Haider Chowdhury	1. Sajeeb Corporation 2. Hashem Foods Ltd. 3. Mermaid Sweaters Ltd.	Proprietor Director Director
19	Mrs. Husne Jahan	Nil	

20	Mrs. Ferdous Rahman	Silvia Ship Trade (BD) Ltd. Intraport Maritime Ltd.	Shareholder Do
21	Mrs. Manwara Sultana	Nil	Nil

Family relationship between the Directors and Officers
There is no family relationship between the Directors and Officers.

Family relationship among the Directors
There is no family relationship among the Directors.

Short bio-data of the Directors

Mr. Md. Fazle Azim
Chairman
Mr. Md. Fazle Azim was born in the year 1944 in a respectable Muslim family of Laxmipur. He was a student of Dhaka College and did his Masters in Economics from Dhaka University. He took teaching as profession for quite some times and was a Professor of Economics in a Govt. College. He was the Editor of a prominent monthly magazine The Dhaka Digest and Executive Director of The Daily Sangram. He emerged as a business personality during eighties of the last century as a garments manufacturer and he owned two business houses M/s. Chowdhury & Co. Besides Takaful Islami Insurance Ltd. he is also the Chairman of the Capital Credit Co-operative Society Ltd. He was director of Islami Bank Bangladesh Limited., one of the Premier Banking Institutions of Bangladesh, for about 11 years. He is the Vice Chairman of Center for National Culture and also Founder Member of Bangladesh Islami University.

Mr. Azim is well known as a social worker and a Islami Scholar and associated with many other Islamic Organizations. He is presently Convener of Islami Insurance Forum and Member of Islami Bank Foundation and Central Shariah Council for Islamic Insurance of Bangladesh.

Mr. Khondaker Mesbahuddin Ahmed
Vice Chairman
Mr. Khondaker Mesbahuddin Ahmed was born in a respectable family of Narsinghdi in the year 1943. He was a brilliant student of Dhaka College. He obtained B.Sc. (Engr.) Degree from BUET in 1965 and M.Sc. (Engr.) from AIT Bangkok in 1977. He started his career as a professional engineer in the WDB and later started Consultancy by establishing a firm of his own. He is regarded as one of the pioneers in the field of consultancy in Bangladesh. He is Managing Director of M/s. Aqua Consultant and Associate Ltd., the prestigious Institution doing consultancy for International Donor Agencies like World Bank, ADB, IDB, DANIDA, JICA etc. funded projects in Bangladesh. He is also the Director of HURDCO Ltd. and one of the Directors of Al-Arafah Islami Bank Ltd. He is also Director of Central Hospital, Dhaka.

He is well known in the business arena of Bangladesh as a very sound and integrated person. He is also associated with various social and philanthropic organizations. He is Life Fellow of Engineers Institution of Bangladesh and Life Member of Sandhani Eye Bank. On many occasions, he traveled USA, UK, French, Belgium, Holand, Germany, Japan, China, Philippine, Singapore, Malaysia, India, KSA, UAE, Nepal, Thailand, and Pakistan.

Mr. Md. Emdadul Haque Chowdhury
Director
Mr. Md. Emdadul Haque Chowdhury is a renowned businessman in garments sector. He was born in a respectable Muslim family in 1957 at Chittagong. His father Late Alhaj Md. Anwar Chowdhury was a business magnet of Chittagong known for his charity and social activities. After graduation from Chittagong University he started his business career in garments sector. He is the Chairman and Managing Director of Saint Garments Ltd. Eian Apparels Ltd., Stage II Ltd., D.N. Securities Ltd., Lucky Corner, Kattali Textile Ltd. and Lucky Shipping. He is also Member of Taxation Sub-Committee CCC & I, Chittagong, Life Member of Chittaging Club, Chittagong Press Club. He was Director of BGMEA. He is also associated with various social, cultural and philanthropic organizations of Chittagong.

Mr. Anwar Hossain Chowdhury
Director
Mr. Anwar Hossain Chowdhury son of Late Bashir Ullah was born in the year 1956 in a respectable Muslim family in Noakhali. He completed his Mechanical Engineering and started his career as a businessman in garment sector. He is the President of A.J International, Chairman A.J. Embroidery Ltd., Managing Director Lucky Star Apparels Ltd., A.J. Fashion Ltd., A.J. Super Garments Ltd., and Sears Accessories Ltd. He is also Chairman of Bangladesh Institute of Communication and Studies of Public Relation (BICSPR), Director of Islamic Finance & Investment Ltd. and Vice Chairman of Eastern University, Dhaka.

Besides, he is associated with many social activities such as he is the Founder Member and Vice Chairman of Lhumb Nagar Academy, Founder of Mukterpur Zame Mosque, Mukterpur Hazi Bashirullah Memorial Primary School, Mukterpur Hafeiza Madrasha of Laxmipur. He is the Chairman of Amela (Governing) Committee, Zamia Zinnuryen, Oshmanabad, Dashgharia, Chatkhil, Noakhali, President of Parakote Dashgharia Union High School, Chatkhil, Noakhali, Life Member of Laxmipur Samity and Member of Capital Recreation Club, Gulshan, Dhaka.

Mr. Anwar Hossain Khan
Director
Mr. Anwar Hossain Khan was born in 1962 in a respectable Muslim family at Noakhali. He obtained B.Com. (Hons) and M.Com. Degree. After completion of his education he has been engaged in Diagnostic business. He is the Chairman & Managing Director of Modern Diagnostic Center Ltd., He is a Member of Governing Council of Prime University. He is the chairman of EC of Shahjalal Islami Bank Ltd. and Director, Fareast Finance & Investment Ltd. He is Managing Director of Modern Diabetic Center Ltd. and Shakhawat Anwar Eye Hospital. His involvement in socio-cultural organizations is also quite notable.

Mr. Touhidur Rahman
Director
Mr. Touhidur Rahman was born in a respectable Muslim family of Patuakhali in 1952. After obtaining Engineering degree, he started his business career in seafood sector as Producer and Exporter. He built up as an astute and efficient businessman and achieved remarkable success in business. He was awarded CIP for Export Performance for several times. He is the Managing Director of Fresh Food Limited, Sea Fresh Ltd., Euro Fresh Ltd., Libas Textile Ltd., Fresh trading Ltd., Sponsor Director of Shahjalal Islami Bank Ltd. and Member of Board of Directors of Prime University. His contribution towards the society is quite remarkable.

Mr. Samsul Arefin Khaled
Director
Mr. Samsul Arefin Khaled comes of a respectable Muslim family of Dhaka. He obtained Masters in Commerce from Dhaka University. He started his career as a businessman in Animal Feed and Hatchery Sector. He is the Director of Ehsan Garments Ltd., Moon Light Garments Limited, Khaled Shipping Lines Ltd., Mohammdi Navigations Ltd., Bass Computonix Ltd., Nourish Poultry Hatchery Ltd. and also the Director of Popular Life Insurance Ltd. He is also associated with various socio-cultural organizations.

Mrs. Amena Shaheen
Director
Mrs. Amena Shaheen was born in a respectable Muslim family in Chittagong in 1963. She obtained Master of Arts and Master of Education from Chittagong University. She is the wife of a renowned physician Dr. A.K.M. Fazlul Haque of Chittagong. She started her career as teacher. She is the Vice Principal of Chittagong Ideal School and College. She is also a Director of Surgyscope Pvt. Ltd., Chattragram Multi Purpose Development Ltd. She is also associated with many socio-religious organizations in Chittagong.

Mr. Humayun Kabir Patwary
Director
Mr. Humayun Kabir Patwary son of Late Yakub Ali Master was born in a respectable Muslim family of Noakhali. He obtained B.Com. (Hons) and M.Com. from Chittagong University. He started his business career as a C & F Agent in Chittagong. He is the owner of Park Trading Corporation. He is also a Director of Chittagong Multi Project Development Ltd., Chattragram Metropolitan Hospital and Chattragram Ideal School and College. He is also associated with various socio-cultural activities.

Mr. Abul Hashem
Director
Mr. Abul Hashem comes of a respectable Muslim family of Chittagong. He obtained B.B.A from Chittagong University. He started his business career in his family business related with construction, ship breaking and garments. He is the Director of Ambia Accessories Ltd., Ambia Apparels Ltd., Ambia Sweaters Ltd., Ambia Steel & Re-rolling Mills Ltd., Ambia Ship Breakers Ltd., Ocean Construction Ltd., Patenga Builders Corp. Ltd. and Tejarat Trading at Chittagong. Mr. Abul Hashem is young and energetic man with a cultural mind.

Alhaj Tofazzal Hossain
Director
Alhaj Tofazzal Hossain son of Alhaj Noor Mohammad hails from a respectable Muslim family of Rupganj, Narayanganj. He did Masters in Sociology from Dhaka University. He started export-import business after completion of education. He is the Managing Director of Ever Best Textile (Pvt.) Ltd. He is a Sponsor Director of Shahjalal Islami Bank Ltd. Director of Fareast Finance and Investment Ltd. and Member of Governing Committee of Prime University. He is associated with many other socio-cultural institutions.

Mr. A.K.M. Rafiqullah
Director
Mr. A.K.M. Rafiqullah son of Shafiullah Amin was born in a respectable Muslim family at Noakhali. He obtained Fazil Degree from Dhaka. After education he started his business career in printing sector. He is the owner of Srijani Printers. He is also associated with many other socio-religions organizations**.**

Mr. Waliul Huq
Director
Mr. Waliul Huq son of Ehsanul Huq was born in a respectable Muslim family. He obtained M.S.S degree from Dhaka University. He started business career in printing & packaging sector. He is the Proprietor of Candid Printing & Packaging and Proprietor of Candid Advertising. He is also associated with various socio-religious institutions.

Mr. Muhammad Nurul Islam
Director
Mr. Muhammad Nurul Islam was born in a respectable Muslim family in Maijdee Court, Noakhali. He started his career as teacher in Saudi Arabia. In 1983, he joined Islami bank Bangladesh Limited. He retired from the Bank as Executive Vice President. He is a reputed scholar and is associated with various Research Institutions.

Mrs. Nasreen Haque
Director
Mrs. Nasreen Haque was born in a respectable Muslim family of chittagong. She is the wife of a renowned businessman Mr. Md. Emdadul Haque Chowdhury. She is the Director of Saint Garments Ltd., Yian Apparels Ltd., Stage II Ltd., Lucky Corner, Kattali Textile Ltd. She is also associated with various socio- cultural activities in Chittagong.

Mr. Hasnain Harun
Director
Mr. Hasnain Harun son of Harun-ur-Rashid was born in a respectable Muslim family of Chittagong. He looks after his family business in Chittagong. He is the Director of Rubia Vegetable Oil Mills Ltd. He is also associated with various socio-cultural Institutions.

Mr. Md. Mofiz Uddin
Director
Mr. Md. Mofiz Uddin, son of late Md. Reza Hossain was born in a respectable Muslim family in Mirpur, Dhaka. He did his Masters in Management from Dhaka University. He started his business career in the year 1990. Mr. Md. Mofiz Uddin earned name and fame in business community for his remarkable business activities particularly in the field of General Insurance and Life Insurance, Stock Market and Co-operative sector. Presently he is holding position as Chairman of R.R. Securities Ltd. (Member of Chittagong Stock Exchange), Director, Homeland Life Insurance Ltd. and Capital Credit Co-operative Society Ltd. He is the Member of the Apex Club (Member of WOCO) and also Life Member of Apex Foundation. He led the National Association of Apex Clubs of Bangladesh as National President for the year 2003. Presently, he is holding the position as Vice Chairman of Asia Pacific Region, World Council of service club (WOCO). He has traveled many countries of Asia, Europe, America, Africa and Australia.

Mrs. Shamima Haider Chowdhury
Director
Mrs. Shamima Haider Chowdhury wife of Mr. Abul Hashem was born in a respectable Muslim family of Noakhali. She is the proprietor of Sajeeb Corporation, Director of Hashem Foods Ltd. and Mermaid Sweaters Ltd. She is also associated with socio-cultural activities**.**

Mrs. Husne Jahan
Director
Mrs. Hunse Jahan was born in a respectable Muslim family of Noakhali. She obtained Masters Degree in Psychology from Dhaka University. She is a Professor of Al-Hera College, Shyamoli, Mohammadpur, Dhaka. She is also associated with socio-cultural activities**.**

Mrs. Ferdous Rahman
Director
Mrs. Ferdous Rahman was born in a respectable Muslim family of Noakhali. She is the wife of Mr. Mujibur Rahman Milon. She is a shareholder of Silvia Ship Trade (BD) Ltd. and Intraport Maritime Ltd. She is also associated with various socio-cultural activities.

Mrs. Manwara Sultana
Director

Mrs. Manwara Sultana, B.A. was born in a respectable Muslim family of Laxmipur. She is associated with various socio-cultural activities.

Mr. Abul Kashem Chowdhury
Managing Director

Mr. Abul Kashem Chowdhury was born in 1945. He has graduated from the University of Karachi in Commerce. Mr. Chowdhury started his insurance career with the Pakistan Insurance Corporation in 1966 in its Head Office, Karachi. After liberation of Bangladesh, he joined Bangladesh Insurance Corporation vis-à-vis Sadharan Bima Corporation & served for 31 years discharging his duties in various positions such as Administration, Branches & Re-Insurance Division. During his association with Sadharan Bima Corporation, Mr. Chowdhury took part and successfully completed various training course at home & abroad including training in Manila, the Philippines and in London, UK. He joined Provati Insurance Co. Ltd. in 1997 as Sr. Deputy General Manager and held the charge of Managing Director before he left the Company in 2004. He also served South Asia Insurance Co. Ltd. as Managing Director (C.C.). He joined Takaful Islami Insurance Limited as Managing Director on & from 1st November, 2006.

Credit Information Bureau (CIB) report

Neither Takaful Islami Insurance Limited nor any of its Directors or Shareholders who hold 5% or more shares in the paid up capital of the Company is loan defaulter in terms of the CIB report of the Bangladesh Bank.

Description of other Senior Executives and Officers

Name	Designation	Date of Joining in The Company	Educational Qualification	Name(s) of organization(s) where worked during the last five years
Mr. Abul Kashem Chowdhury	Managing Director	01-11-2006	B.Com.	1. Provati Insurance Company Limited 2. South Asia Insurance Company Limited 3. Takaful Islami Insurance Limited
Mr. Abul Kalam Azad	Sr. Dy. General Manager & Company Secretary	01-08-2001	M. Com., ABIA	Takaful Islami Insurance Limited
Mr. Moinul Ahsan Chowdhury	Sr. Dy. General Manager (Head of Finance & Accounts)	09-10-2001	M. Com., CFC	Takaful Islami Insurance Limited
Mr. Abul Kalam	Sr. Asstt. General Manager (Head of Underwriting)	15-04-2003	B.Sc.	Takaful Islami Insurance Limited
Mr. Mohammad Salim	Asstt. General Manager (Head of Claim & R/I)	09-10-2001	M.S.S., MBA, ABIA	Takaful Islami Insurance Limited

Involvement of Directors and Officers in Certain Legal Proceedings

No director or officer of the Company was involved in any of the following types of legal proceedings in the last ten years:

(a) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

Certain Relationships and Related Transactions

Transaction with related parties

Neither proposed any transaction nor had any transaction during the last two years with following related parties:

(a) any director or executive officer of the company;

(b) any nominee for director or officer;

(c) any person owning 5% or more of the outstanding stock of the company;

(d) any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons except the transactions as disclosed in note 42 of the related party transaction.

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries / holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus except the transactions as disclosed in note 42 of the related party transaction.

(f) The Company has not taken or given any loan from or to any Director or any other persons connected with the Director. The company has not taken any loan from any person who did not have any stake in the Issuer Company except the transactions as disclosed in note 42 of the related party transaction.

(g) The information is already included in directors and officer's part of the prospectus.

(h) The Directors are taking only fees for attending meeting (disclose in the "Executive compensation" part of the Prospectus) of the Board of Directors. Directors fee is disclosed in profit and loss account. No other pecuniary or non-pecuniary interest enjoyed by a director as disclosed in note 43 of the audit report.

Executive Compensation

Remuneration paid to top five salaried officers

Sl. No.	Name of the Employees	Designation	Amount paid for the Year ended 31-12-2007
1	Mr. Abul Kashem Chowdhury	Managing Director	960,000
2	Mr. Md. Bazlul Quader	Asstt. Managing Director	578,100
3	Mr. Md. Shamsul Islam	Asstt. Managing Director	507,900
4	Mr. A.F.M. Nazrul Islam	Asstt. Managing Director	528,480
5	Mr. Md. Badiuzzaman Lasker	General Manager	464,880

Aggregate amount of remuneration paid to Directors and Officers

Group	Amount paid in 2007 (Amount in Taka)
Directors' fee	242,000
Salary & Allowance	34,094,201

The amount of remuneration paid to any Director who was not an Officer during the last accounting year

The Company did not pay any amount to any Director who was not an Officer, during the last accounting year.

Any contract with any Director or Officer providing for the payment of future compensation

There is no contract with any Director or Officer for future compensation.

Pay increase intention

Besides normal increment, additional salary increment may be considered.

Options granted to Directors, Officers, and Employees

The company did not grant any option to any officer, director and other employees of the company.

Transaction with the Directors and Subscribers to the Memorandum

(a) Value received by the company during last five years

The Directors and Subscribers to the memorandum have not received any benefits directly or indirectly other than dividend and Directors fees during the last five years. The issuer also has not received any assets, services or other consideration from its Directors and Subscribers to the memorandum except fund against allotment of shares.

(b) Assets acquired or are to be acquired from the Directors and Subscribers to the Memorandum

No asset were acquired or are to be acquired from the Directors and Subscriber to the memorandum.

Tangible assets per share

Auditor Certificate regarding net tangible assets backing per unit at on 31st December, 2007

This is to certify that the offer price of the common stock of Takaful Islami Insurance Limited has been determined on the basis of Net Assets Value (NAV). Under NAV Method the Financial Calculation presented below is based on the audited accounts as of 31st December, 2007:

Particulars	Amount (Tk.)
A. ASSETS:	
Investment at cost	90,00,000
Investment in Shares	2,12,10,243
Interest Accrued but not due	57,66,002
Amount due from other persons or bodies carrying on Insurance Business	3,73,97,877
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,36,28,417
Cash and Bank Balances	10,89,37,192
Other Accounts (Fixed Assets & Stock of Stationery, Stamps)	67,45,926
Total	**20,26,85,657**
B. LIABILITIES:	
Balance of Funds and Accounts	40,509,146
Estimated Liabilities in respect of outstanding claims whether due or intimated	1,26,54,913
Amount due to other persons or bodies carrying on Insurance Business	4,60,29,473
Sundry Creditors (Including provision for expenses and Taxes)	29,59,726
Provision for Income Tax	63,46,376
Proposed Dividend	60,00,000
Other Sums Owing (Premium Deposit Account)	39,76,810
Total	118,476,444
Net Assets (A-B)	**84,209,213**
No. of Shares	6,00,000
Intrinsic Value / Net Assets Value per Share	140.34

We have examined the above calculation of Net Assets Value (NAV) of Takaful Islami Insurance Limited which appears to be correct.

	Sd/-	Sd/-
Dated: 27th May, 2008	A. Hoque & Co.	G. Kibria & Co.
Place: Dhaka, Bangladesh	Chartered Accountants	Chartered Accountants

Ownership of the Company's Security

Shareholding structure as on 31.12. 2007

List of shareholders who owns 5% or more share of the Company

Sl. No.	Name of the shareholder	Status	Addresss	No. of shares subscribed	% of holdings
01	Mr. Hasnain Harun	Director	House– 6, Road –1, Block –G, Halishahar Housing Estate, Chittagong.	90,000	15.00
02	Mr. Khondaker Mesbahuddin Ahmed	Vice Chairman	Vill.+P.O.-Panchdona, Dist.-Narsingdi.	45,000	7.50
03	Mrs. Ferdous Rahman	Director	House-3, Lane-3, Road –1, Block-L, Halishahar Housing Estate, Chittagong.	45,000	7.50
04	Mr. Abul Hashem	Director	Uttar Patenga, Purbakathghar, Patenga, Chittagong.	45,000	7.50
05	Mrs. Nasreen Haque	Director	Lucky Group, 316 Sk. Mujib Road, Agrabad C.A. Chittagong.	45000	7.50
06	Mr. Md. Humayun Kabir Patwari	Director	Park Trading Corporation Hussain Chamber (1st Fl) 105, Agrabad C.A, Chittagong.	40,000	6.67
07	Mr. Md. Mofiz Uddin	Director	Section-10, Block-B, Lane-12, House-2, Mirpur, Dhaka-1221.	35,000	5.83
08	Mr. Anwar H. Chowdhury	Director	75/1, Indira Road, Flat no. B/3, Dhaka-1215.	30,000	5.00
09	Mr. Samsul Arefin Khaled	Director	760, Satmasjid Road Dhanmond R/A, Dhaka.	30,000	5.00
10	Mr. Emdadul Haque Chowdhury	Director	Anwar Manjil, 3, Joynagar, Chalkbazar, Chittagong.	30,000	5.00
11	Mrs. Shamima Haidar Chowdhury	Director	26, O.R. Nizam Road, Panchlish, Chittagong.	30,000	5.00
12	Mr. Tauhidur Rahman	Director	28/3, Babar Road, Block–F, Mohammadpur, Dhaka.	30,000	5.00

List of shareholders who owns below 5% share of the Company

Sl. No.	Name of the shareholder	Status	Address	No. of shares subscribed	% of holdings
01	Mr. Anwar Hossain Khan	Director	26/3, Topkhana Road Eastern Housing, Appt., Flat no. 4/D, Segun Bagicha, Dhaka-1000.	20,000	3.33
02	Al-Haj Tofazzal Hossain	Director	Vill.- Noapara, Post-Tarabo, P.S. Rupganj, Narayangonj.	20,000	3.33
03	Mrs. Amena Shaheen	Director	96/A, Jamalkhan Lichu Bagan, Chittagong.	15,000	2.50
04	Mr. Md. Fazle Azim	Chairman	Vill.- Dilshadpur, P.O. Radhapur, P.S.+Dist.-Laxmipur, Bangladesh.	10,000	1.67
05	Mr. Muhammad Nurul Islam	Director	12/B, Garden Heights, 13, Eskaton Garden Road, Ramna, Dhaka.	10,000	1.67
06	Mr. Waliul Huq	Director	House No. 298, Lane-19/B, New DOHS, Mohakhali, Dhaka.	10,000	1.67
07	Mrs. Manwara Sultana	Director	Vill.- West Bancharampur, P.S.+Dist-Laxmipur.	5,000	0.83
08	Mr. A.K.M. Rofiqullah	Director	Vill.-Manikyanagar, P.O. Amishapara, P.S. Begumganj, Dist-Noakhali.	5,000	0.83
09	Mrs. Husne Jahan	Director	Fatema Monjil 112, Islambagh R/A, Maijid Court, Noakhail.	5,000	0.83
10	Mrs. Rahima Begum	Shareholder	Vill: Kamarpur, P.S. Kotwali, Post + Dist: Farid Pur.	5000	0.83
			Total	**600,000**	**100%**

Securities owned by the Officers

The Officers of the Company own no shares or any other securities of the Company.

Determination of offering price

This is to certify that the offer price of the common stock of Takaful Islami Insurance Limited has been determined on the basis of Net Assets Value (NAV). Under NAV Method the Financial Calculation presented below is based on the audited accounts as of 31st December, 2007:

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Dated: 27th May, 2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Market for the Securities Being Offered

The Issuer shall apply to:

Dhaka Stock Exchange Limited	**and**	**Chittagong Stock Exchange Limited**
9/F, Motijheel C/A,		CSE Building, 1080, Sk.Mujib Road,
Dhaka-1000.		Agrabad, Chittagong- 4100.

Within 7(seven) working days from the date of consent accorded by the Commission to issue prospectus.

Declaration about listing of shares with the Stock Exchange(s)

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the Company Directors, in addition to the Issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The Issue Manager, in addition to the Issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company.

Description of Securities outstanding or Being Offered

Dividend, voting, pre-emption rights

The share capital of the Company is divided into Ordinary Shares, carrying equal rights to vote and eligible to receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the Company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting–Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by Attorney or proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares of in terms of the guidelines issued by the SEC from time to time.

Conversion and liquidation rights

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

Dividend policy

- There is no limitation to pay dividend to common or preferred stock holders because of provisions in debt instruments or otherwise.
- The profits of the Company shall be divisible among the members in proportion to the shares held by them respectively.
- Subject to above the Company in the General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.
- No larger dividend shall be declared than is recommended by the Directors but the Company in the General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of net profits of the Company shall (subject to the certificate of the auditors) be conclusive.
- The Directors may from time to time pay to the members such interim dividends as in their judgments the position of the Company justifies.
- A transfer of shares shall pass to the transferee the right to any dividend declared but not paid thereon before the registration of the transfer.

Other rights of Shareholders

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as par law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The Shareholders holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition Extra-ordinary General Meeting of the Company as provided for in section 84 of the Companies Act 1994.

Debt Securities

Takaful Islami Insurance Limited has not issued or is planning to issue within six months any debt securities.

Lock-in on Sponsors' Shares

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than Directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Sl. No.	Name of Shareholder	Status	No. of Shares hold	Amount Taka	% of holdings	Date of Acquisition	Expire date of Lock in
1.	Mr. Hasnain Harun	Director	90,000	90,00,000	15.00	29.5.2007	25.6.2011
2.	Mr. Khondaker Mesbahuddin Ahmed	Director	45,000	45,00,000	7.50	19.05.2001	25.6.2011
3.	Mrs. Ferdous Rahman	Director	45,000	45,00,000	7.50	19.05.2001	25.6.2011
4.	Mr. Abul Hashem	Director	45,000	45,00,000	7.50	28.05.2001	25.6.2011
5.	Mrs. Nasreen Haque	Director	45,000	45,00,000	7.50	29.05.2007	25.6.2011
6.	Mr. Md.Humayun Kabir Patwari	Director	40,000	40,00,000	6.67	2.05.2002	25.6.2011
7.	Mr. Md. Mofiz Uddin	Director	35,000	35,00,000	5.83	29.05.2007	25.6.2011
8.	Mr. Anwar H. Chowdhury	Director	30,000	30,00,000	5.00	19.05.2001	25.6.2011
9.	Mr. Samsul Arefin Khaled	Director	30,000	30,00,000	5.00	28.05.2001	25.6.2011
10.	Mr. Emdadul Haque Chowdhury	Director	30,000	30,00,000	5.00	28.05.2001	25.6.2011
11.	Mrs. Shamima Haidar Chowdhury	Director	30,000	30,00,000	5.00	28.05.2001	25.6.2011
12.	Mr. Tauhidur Rahman	Director	30,000	30,00,000	5.00	28.05.2001	25.6.2011
13.	Mr. Anwar Hossain Khan	Director	20,000	20,00,000	3.33	19.05.2001	25.6.2011
14.	Al-Haj Tofazzal Hossain	Director	20,000	20,00,000	3.33	28.05.2001	25.6.2011
15.	Mrs. Amena Shaheen	Director	15,000	15,00,000	2.50	19.05.2001	25.6.2011
16.	Mr. Md. Fazle Azim	Director	10,000	10,00,000	1.67	19.05.2001	25.6.2011
17.	Mr. Muhammad Nurul Islam	Director	10,000	10,00,000	1.67	28.07.2007	25.6.2011
18.	Mr. Waliul Haq	Director	10,000	10,00,000	1.67	2.05.2002	25.6.2011
19.	Mrs. Manwara Sultana	Director	5,000	5,00,000	0.83	28.05.2001	25.6.2011
20.	Mr. A.K.M. Rofiqullah	Director	5,000	5,00,000	0.83	28.05.2001	25.6.2011
21.	Mrs. Husne Jahan	Director	5,000	5,00,000	0.83	19.05.2001	25.6.2011
22.	Mrs. Rahima Begum	Shareholder	5,000	5,00,000	0.83	28.05.2001	25.6.2011
	Total		**600,000**	**60,000,000**	**100%**		

Refund of Subscription Money

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Applicatio Forms are maintained with the Bankers to the Issur and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Islami Bank Bangladesh Limited
Investment Corporation of Bangladesh (ICB)
National Bank Limited
Southeast Bank Limited
AL-Arafah Islami Bank Limited
Shahjalal Islami Bank Limited
Standard Chartered Bank
The City Bank Limited
City Bank N.A.
HSBC

Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

Subscription by and refund to Non-Resident Bangladeshi (NRB)

(1) A Non-Resident Bangladeshi (NRB) shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

(2) The value of securities applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.

(3) Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Availability of securities

Offer

1. Shares

Particulars	No. of shares	Amount in Tk.
A. 10% of IPO i.e. 90,000 Ordinary Shares of Tk. 100.00 each shall be reserved for Non Resident Bangladeshis.	90,000	9,000,000
B. 10% of IPO i.e. 90,000 Ordinary Shares of Tk. 100.00 each shall be reserved for Mutual Funds and Collective Investment Schemes registered with the Commission.	90,000	9,000,000
C. The remaining 80% of IPO i.e. 720,000 Ordinary Shares of Tk. 100.00 each shall be opened for subscription by the General Public.	720,000	72,000,000
Total	**900,000**	**90,000,000**

2. All shares as stated in clause 1.A, 1.B and 1.C shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.

3. In case of over-subscription under any of the categories mentioned in 1.A, 1.B and 1.C the Issue Manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.

4. In case of under-subscription under any of the 10% categories mentioned in 1.A and 1.B, the un subscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct and open lottery of all the applicants added together.

5. In case of under-subscription of the public offering, the un subscribed portion of securities shall be taken up by the underwriter(s).

6. The lottery as stated in clause (3) and (4) shall be conducted in presence of representatives form the Issuer, the Stock Exchanges, and the applicants, if there be any.

7. Application for subscription

(a) The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.

(b) Application for shares may be made for a minimum lot for **50** ordinary shares to the value of **Tk. 5,000** respectively and should be made on the Company's printed application forms. Application form and prospectus may be obtained from the registered office of the Company, members of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/ cyclostyled/hand written/typed copies of the forms. Applications must not be for less than **50** shares. Any application not meeting this criterion will not be considered for allotment purpose.

(c) Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.

(d) Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.

(e) **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**

(f) Bangladeshi nationals (including Non-Resident Bangladeshi (NRB) nationals working abroad) and Foreign nationals shall be entitled to apply for shares.

(g) Payment for subscription by investors other than Non-Resident Bangladeshi (NRB) may be made to the said branches/office of the Banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the Bank to which it is sent and be marked "**Takaful Islami Insurance Limited**" and shall bear the crossing **"A/C Payee Only"** and must be drawn on a Bank in the same town of the Bank to which application form is deposited.

(h) All completed application forms together with remittances for the full amount payable on application shall be lodged by investors other than Non-Resident Bangladeshis (NRB) with any of the Branches of the Bankers to the Issue (vide instructions for application for shares by investors other than Non- Resident Bangladeshis)

(i) A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee(including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for. The value of securities applied may be paid in Taka, US Dollar or Euro or UK Pound Sterling at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of Subscription. Refund against over-subscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to Takaful Islami Insurance Ltd. at its registered office. Copies of application from and prospectus shall be available with Bangladesh Embassyt/High Commission in USA, UK, Saudi Arabia, U.A.E., Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the SEC, Issuer Company, Issue Manager, DSE and CSE.

8. Bankers to the Issue:

Investment Corporation of Bangladesh
Head Office, Dhaka
Local Office, Nayapaltan, Dhaka
Chittagong Branch, Chittagong
Rajshahi Branch, Rajshahi
Khulna Branch, Khulna
Barishal Branch, Barishal
Sylhet Branch, Jail Road, Sylhet
Bogra Branch, Station Road, Bogra

Al-Arafah Islami Bank Limited
Motijheel, Local Office, Dhaka
Moulvi Bazar Dhaka
Islampur Branch, Dhaka
Dilkusha, Branch, Dhaka
Nawabpur Road Branch, Dhaka
VIP Road Branch, Dhaka
Corporate Branch, Dhaka
Elephant Road Branch, Dhaka
Uttara Branch, Dhaka
NS Road Branch, Dhaka
Banani Branch, Dhaka
Mirpur Branch, Dhaka
Mouchak Branch, Dhaka
Dhanmondi Branch, Dhaka
Mohammadpur Branch, Dhaka
Comilla Branch, Comilla
Zindabazar Branch, Sylhet
Lal Dighir Par Branch, Sylhet
Khatunganj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
O.R. Nizam Road Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Barishal Branch, Barishal
Jessore Branch, Jessore
Joydevpur Chowrasta Branch, Joydevpur
Narayangonj Branch, Narayangonj

National Bank Limited
Bangshal Road Branch, Dhaka
Babubazar Branch. Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamgonj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Motijheel Branch, Dhaka
Mohakhali Branch, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
North Brook Hall Branch, Dhaka
Lake Circus Branch, Kalabagan, Dhaka
Mohammadpur Branch, Dhaka
Pragati Sarani Branch, Dhaka
Jatrabari Branch, Dhaka
Savar Bazar Branch, Savar, Dhaka
Gazipur Branch, Gazipur
Pagla Bazar Branch, Narayangonj
Narayangonj Branch, Narayangonj
Narshingdi Branch, Narshingdi
Sylhet Branch, Sylhet
Anderkillah Branch, Chittagogn
Agrabad Branch, Chittagong
Khatungonj Branch, Chittagong
Jubilee Road Branch, Chittagong
Sheikh Mujib Road Branch, Chittagong
Pahartali Branch, Chittagong
Tangail Branch, Tangail
Khulna Branch, Khulna
Rangpur Branch, Rangpur
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Barishal Branch, Barishal
Comilla Branch, Comilla

Shahjalal Islami Bank Limited
Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Foreign Exchange Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Bangshal Branch, Dhaka
Baipail (Dhaka EPZ) Branch, Dhaka
Narayanganj Branch, Narayanganj
Satmasjid Road Branch, Dhaka
Banani Branch, Dhaka
Joypara Branch, Dohar, Dhaka
Motijheel Branch, Dhaka
Mirpur Branch, Dhaka
Savar Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Muradpur Branch, Chittagong
Sylhet Branch, Sylhet
Dargah Gate Branch, Sylhet
Beani Bazar Branch, Sylhet
Moulvibazar Branch, Moulvibazar
Khulna Branch, Khulna

Southeast Bank Limited
Principal Branch, Dhaka
Corporate Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Kakrail Branch, Dhaka
Motijheel Branch, Dhaka
Karwan Bazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargaon Branch, Dhaka
Aganagar Branch, Dhaka
Shaymoli Branch, Dhaka
Madhabdi Branch (Rural), Narshingdi
Ashulia Branch (Rural), Ashulia, Dhaka
Joypara Branch (Rural), Dohar, Dhaka
Narayanganj Branch, Narayanganj
Khulna Branch, Khulna
Bandar Bazar Branch,(Islami Banking) Sylhet
Moulvibazar Branch, Moulvibazar
Laldighirpaar Branch, Sylhet
Hetimgonj Branch, Sylhet
Chouhatta Branch, Sylhet
Shahjalal Uposhahar Branch, Sylhet
Kulaura Branch (Rural), Moulvibazar
Pathantula Branch, Sylhet
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
Halishahar Branch, Chittagong
Pahartali Branch, Chittagong
Chowmuhani Branch (Rural), Noakhali
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, (Islamic Banking) Cox's Bazar
Chhagalnaiya Branch, (Islamic Banking),Feni
Feni Branch, Feni
Bashurhat Branch, (Rural) Noakhali
Rangpur Branch, Rangpur

Islami Bank Bangladesh Limited
Local Office, Dhaka
Foreign Exchange Br., Dhaka
Farmgate Branch, Dhaka
Nawabpur Branch, Dhaka
Gulshan Branch, Dhaka
Narayanganj Branch
Mirpur Branch, Dhaka
C.M.B, Dhaka
New Market Branch, Dhaka
Mouchak Branch, Dhaka
Jatrabari Branch, Dhaka
Uttara Branch, Dhaka
Shyamoli Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Cox's Bazar Branch
Khulna Branch
Barisal Branch
Jessore Branch
Bogra Branch
Rajshahi Branch
Dinajpur Branch
Comilla Branch
Chowmuhani Branch, Noakhali
Feni Branch
Sylhet Branch
Sitakunda Branch
Moulvi Bazar Branch
Kushtia Branch
Pabna Branch

Standard Chartered Bank

Alico Building, Motijheel, Dhaka
Mirpur, Dhaka

1. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis in US Dollar or UK Pound sterling or EURO) by the Bankers to the Issue will be remitted to the Company's **STD A/C # 13100000344** with **Southeast Bank Limited, Motijheel Branch (Islamic Banking) Dhaka**, Bangladesh for this purpose.

2. The subscription money collected from Non-Resident Bangladeshis (NRB) in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

Sl. No.	Name of the FC Accounts	Account No.	Bank & Branch	Currency
1	**Takaful Islami Insurance Limited**	15100000060	Southeast Bank Limited, Motijheel Branch (Islamic Banking) Dhaka	EURO
2	Do	15100000048	Do	US DOLLAR
3	Do	15100000054	Do	GB POUND

3. The Company shall close the accounts mentioned above after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

Allotment

The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 6 (six) weeks from the closing of the subscription date by credited directly to the receipients bank accounts. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

Underwriting of shares

The Initial Public Offering (IPO) is for 9,00,000 ordinary shares of Tk. 100.00 each at par amounting to Tk. 9,00,00,000.00 As per Securities and Exchange Commission (Public Issue) Rules, 2006, 50% of the said amount i.e. 4,50,000 ordinary shares of Tk. 100.00 each at par amounting to Tk. 4,50,00,000.00 has been underwritten by the following institutions:

Sl. No.	Name and Address of Underwriters	Number of shares	Amount (Tk.)
1	**Prime Finance & Investment Limited** 63, Dilkusha C/A, (3rd Floor), Dhaka-1000.	3,37,500	3,37,50,000
2	**Union Capital Limited** Noor Tower (5th Floor), 1/F Free School Street 73, Sonargaon Road, Dhaka 1205	37,500	37,50,000
3	**Uttara Finance & Investment Limited** Jiban Bima Tower, Dilkusha C/A Dhaka-1000	37,500	37,50,000
4	**Grameen Capital Management Limited** Grameen Bank Bhaban Mirpur-2, Dhaka-1215	37,500	37,50,000
	Total	**4,50,000**	**4,50,00,000**

Principal terms and conditions of underwriting agreement:

1. If and to the extent that the shares offered to the public by a prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the agreement and also other penalties as may be determined by the Commission may be imposed on him.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequences and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed on them.

Financial Statement

AUDITORS' REPORT TO THE SHAREHOLDERS OF "TAKAFUL ISLAMI INSURANCE LIMITED"

We have examined the annexed Balance Sheet of **TAKAFUL ISLAMI INSURANCE LIMITED** as at 31st December, 2007 and the related Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance Revenue Accounts as well the Profit and Loss Account, Profit and Loss Appropriation Account, the related Cash Flow Statement for the year ended 31st December, 2007 and notes to the Financial Statements in which the returns from the branch offices certified by the branch managers have been incorporated. The preparation of these Financial Statements is the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with approved auditing standards as adopted by the Institute of Chartered Accountants of Bangladesh. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, subject to the disclosure as per notes to the financial statements prepared in accordance with approved accounting standards as adopted by the Institute of Chartered Accountants of Bangladesh, give a true and fair view of the state of the company's affairs as of 31st December, 2007 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act, 1994, the Insurance Act, 1938, Insurance Rules 1958, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

(iii) The company's balance sheet and revenue accounts and its cash flows dealt with by the report are in agreement with the books of account and returns;

(iv) The expenditure incurred was for the purposes of the company's business;

(v) The Balance Sheet and the Revenue Account have been prepared in accordance with the regulations contained in Part I and Part II (Form A) of the First Schedule and Part I and Part II (Form F) of the Third Schedule of Insurance Act, 1938. As per regulation 11 of Part I of the Third Schedule of the Insurance Act, 1938 as amended, we certify that to the best of our information and as shown by its books, the Company during the year under report has not paid any person any commission in any form to outside Bangladesh and that the Company during the year under report has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad;

(vi) As per Section 40-C (2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of Management wherever incurred whether directly or indirectly, in respect of Fire, Marine Cargo, Marine Hull, Motor and Miscellaneous Insurance businesses transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit and Loss Account of the Company.

	Sd/-	Sd/-
Place: Dhaka, Bangladesh	A. Hoque & Co.	G. Kibria & Co.
Dated: 22nd March, 2008	Chartered Accountants	Chartered Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000.
BALANCE SHEET AS AT 31ST DECEMBER, 2007

CAPITAL AND LIABILITIES	NOTE NO.	BALANCE AS AT 31ST DEC., 2007	BALANCE AS AT 31ST DEC., 2006
AUTHORIZED CAPITAL	19	**20,00,00,000**	**20,00,00,000**
20,00,000 Ordinary Shares of Tk. 100.00 each			
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	20	**6,00,00,000**	**6,00,00,000**
6,00,000 Ordinary Shares of Tk. 100.00 each			
RESERVE OR CONTINGENCY ACCOUNT			
Reserve for Exceptional Losses	21	**2,38,85,985**	**76,18,179**
Balance of Profit & Loss Appropriation Account	22	**4,03,228**	**2,96,545**
BALANCE OF FUNDS AND ACCOUNTS	23	**4,05,09,146**	**3,07,76,696**
Fire Insurance Business Account		1,46,91,082	94,60,993
Marine Cargo Insurance Business Account		2,11,72,902	1,59,80,879
Marine Hull Insurance Business Account		3,75,515	5,06,631
Motor Insurance Business Account		36,39,204	32,00,679
Miscellaneous Insurance Business Account		6,30,443	16,27,514
OTHER SUM OWING (PREMIUM DEPOSIT)	24	**39,76,810**	**60,70,380**
LIABILITIES & PROVISIONS		**7,39,90,488**	**9,37,16,999**
Estimated Liabilities in respect of Outstanding Claims whether due or intimated	25	1,26,54,913	5,89,92,485
Amount due to other persons or bodies carrying on Insurance Business	26	4,60,29,473	2,92,06,897
Sundry Creditors	27	29,59,726	11,67,617
Provision for Income Tax	28	63,46,376	13,50,000
Proposed Dividend	29	60,00,000	30,00,000
TOTAL CAPITAL AND LIABILITIES		**20,27,65,657**	**19,84,78,799**

Accounting Policies 5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED

42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000.

BALANCE SHEET AS AT 31ST DECEMBER, 2007

PROPERTY AND ASSETS	NOTE NO.	BALANCE AS AT 31ST DEC., 2007	BALANCE AS AT 31ST DEC., 2006
INVESTMENT-AT COST		**3,02,10,243**	**2,43,87,390**
Statutory Deposit with Bangladesh Bank in the form of three years National Investment Bond	30	90,00,000	90,00,000
Investment In Shares		2,12,10,243	1,53,87,390
PROFIT, INTEREST, DIVIDENDS & RENTS (Accrued but not Due)	31	**57,66,002**	**1,04,35,288**
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	32	**3,73,97,877**	**5,27,74,067**
SUNDRY DEBTORS (Including Advances, Deposits & Pre-payments)	33	**1,36,28,417**	**63,12,085**
CASH & BANK BALANCES	34	**10,89,37,192**	**9,74,92,280**
Term / Fixed Deposit Account		8,17,00,000	7,10,50,000
STD Account		1,98,25,738	2,19,54,450
Current Account		27,49,955	8,07,161
Cash in Transit		6,00,000	3,00,000
Cash in Hand		40,61,499	33,80,669
OTHER ACCOUNTS	35	**68,25,926**	**70,77,689**
Fixed Assets - At Cost Less Depreciation		64,34,004	64,86,674
Stock of Printing & Stationery		2,22,500	2,10,020
Insurance Stamps in Hand		89,422	3,15,995
Pre IPO Expenses		80,000	65,000
TOTAL PROPERTY AND ASSETS		**20,27,65,657**	**19,84,78,799**

Accounting Policies 5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA	PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA
EXPENSES OF MANAGEMENT (Not Applicable to any Particular Fund or Account)		**39,38,712**	**34,06,193**	**Profit, Interest, Dividends & Rents** (Not Applicable to any particular) Fund or Account)	36	98,17,823	90,17,173
Director's Fee		2,42,000	2,28,000	**OTHER INCOME**	36.01	62,51,542	
Advertisement & Publicity		10,40,711	8,63,834				
Subscription & Donation		7,91,000	3,70,000	**PROFIT /(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS**		**1,52,40,212**	**56,27,549**
Legal & Professional Fees		1,27,200	1,08,645	Fire Revenue Account		(42,00,003)	(68,90,885)
Preliminary Expenses		0	10,669	Marine Cargo Revenue Account		1,78,15,230	1,22,78,388
Registration & Renewal		7,14,664	7,87,304	Marine Hull Revenue Account		(2,07,080)	3,90,687
Depreciation		9,05,387	9,62,741	Motor Revenue Account		10,03,955	2,96,535
Audit Fee		1,17,750	75,000	Miscellaneous Revenue Account		8,28,110	(4,47,176)
Net Profit Transferred to Profit & Loss Appropriation Account		2,73,70,865	1,12,38,529	**Net Loss Transferred to Profit & Loss Appropriation Account**		**0**	**0**
Total		**3,13,09,577**	**1,46,44,722**			**3,13,09,577**	**1,46,44,722**
Basic Earning Per Share (Value Per Share Tk. 100/- each)	**39**	**25.09**	**10.77**				

Accounting Policies 5

The notes are integral part of the Financial Statements

Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	2007 TAKA	2006 TAKA	PARTICULARS	2007 TAKA	2006 TAKA
Balance brought from last year	0	0	Balance brought from last year	2,96,545	10,26,195
Reserve for Exceptional Losses	1,62,67,806	76,18,179	Net Profit for the year	2,73,70,865	1,12,38,529
Provision for Taxation	49,96,376	13,50,000			
Proposed Dividend	60,00,000	30,00,000			
Balance Transferred to Balance Sheet	4,03,228	2,96,545			
TOTAL	**2,76,67,410**	**1,22,64,724**		**2,76,67,410**	**1,22,64,74**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA	PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		5,56,67,074	(4,70,32,330)	**Balance of Account at the beginning of the year**		**94,60,993**	**84,34,542**
Add: Total estimated liability in respect of Outstanding claims at the end of the year whether due or intimated		80,02,565	5,63,47,390	**Premium Less Re-Insurance**		**3,67,27,705**	**2,36,52,483**
		6,36,69,639	93,15,060	**Commission on re-insurance ceded**		**1,17,54,937**	**78,96,567**
Less: Outstanding at the end of previous year		(5,63,47,390)	(51,84,297)				
		73,22,249	**41,30,763**	**Loss Transferred to Profit & Loss A/c**		**0**	**0**
Agency Commission		**1,40,21,696**	**1,07,52,305**				
Expenses of Management	37	**2,61,08,611**	**2,25,30,416**				
Reserve for un-expired risks being 40% of Premium Income of the year		**1,46,91,082**	**94,60,993**				
Profit transferred to Profit & Loss Account		**(42,00,003)**	**(68,90,885)**				
TOTAL		**5,79,43,635**	**3,99,83,592**			**5,79,43,635**	**3,99,83,592**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-	Sd/-
A. HOQUE & CO.	**G. KIBRIA & CO.**
CHARTERED ACCOUNTANTS	**CHARTERED ACCOUNTANTS**

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA -1000

MARINE CARGO INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA	PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA
CLAIMS UNDER THE POLICIES				**Balance of Account at the**			
LESS RE-INSURANCE:				**beginning of the year**		**1,59,80,879**	**1,37,74,415**
Paid during the year		91,433	15,65,874	**Premium less Re-Insurance**		**5,29,32,255**	**3,99,52,197**
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		35,27,063	15,61,833	**Commission on re-insurance ceded**		**28,65,325**	**32,98,846**
		36,18,496	31,27,707				
Less: Outstanding at the end of previous year		(15,61,833)	(10,43,953)	**Loss Transferred to Profit & Loss A/c**		**0**	**0**
		20,56,663	**20,83,754**				
Agency Commission		87,45,081	69,98,408				
Expenses of Management	37	**2,19,88,583**	**1,96,84,029**				
Reserve for un-expired risks being 40% of premium income of the year		**2,11,72,902**	**1,59,80,879**				
Profit/(Loss) transferred to Profit & Loss A/C		**1,78,15,230**	**1,22,78,388**				
TOTAL		**7,17,78,459**	**5,70,25,458**			**7,17,78,459**	**5,70,25,458**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

MARINE HULL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA	PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:				**Balance of Account at the beginning of the year**		**5,06,631**	**6,89,509**
Paid during the year		32,616	10,005	**Premium Less Re-Insurance**		**3,75,514**	**5,06,631**
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		0	0	**Commission on re-insurance ceded**		**1,75,192**	**1,33,639**
		32,616	10,005	**Loss Transferred to Profit & Loss A/C.**		**0**	**0**
Less: Outstanding at the end of previous year		0	(3,09,787)				
		32,616	**(2,99,782)**				
Agency Commission		**2,31,480**	**1,80,592**				
Expenses of Management	37	**6,24,807**	**5,51,651**				
Reserve for un-expired risks being 100% of premium income of the year		**3,75,514**	**5,06,631**				
Profit Transferred to Profit & Losses Account		**(2,07,080)**	**3,90,687**				
TOTAL		**10,57,337**	**13,29,779**			**10,57,337**	**13,29,779**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

MOTOR INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA	PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		23,17,945	23,76,125	**Balance of Account at the beginning of the year**		**32,00,679**	**18,70,225**
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		11,25,285	10,57,259	**Premium Less Re-Insurance**		**90,98,010**	**80,01,698**
		34,43,230	34,33,384	**Commission on re-insurance ceded**		**2,59,838**	**3,43,762**
Less : Outstanding at the end of previous year		(10,57,259)	(19,35,678)	**Loss Transferred to Profit & Loss Account**		**0**	**0**
		23,85,971	**14,97,706**				
Agency Commission		**19,30,824**	**16,89,897**				
Expenses of Management	37	**35,98,573**	**35,30,868**				
Reserve for un-expired risks being 40% of premium income of the year		**36,39,204**	**32,00,679**				
Profit transferred to Profit & Loss Account		10,03,955	2,96,535				
TOTAL		**1,25,58,527**	**1,02,15,685**			**1,25,58,527**	**1,02,15,685**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA	PARTICULARS	NOTE NO.	2007 TAKA	2006 TAKA
CLAIMS UNDER THE POLICIES LESS RE-INSURANCE:							
Paid during the year		3,06,760	1,81,104	**Balance of Account at the beginning of the year**		**16,27,514**	**5,59,024**
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		0	26,003	**Premium Less Re-Insurance**		**15,76,107**	**40,68,784**
		3,06,760	2,07,107	**Commission on Re-insurance ceded**		**9,75,065**	**9,58,120**
Less: Outstanding at the end of previous year		(26,003)	0	**Loss Transferred to Profit & Loss A/C**		**0**	**0**
		2,80,757	**2,07,107**				
Agency Commission		**4,42,411**	**10,09,023**				
Expenses of Management	37	**19,96,965**	**31,89,460**				
Reserve for un-expired risks being 40% of Miscellaneous and Accident Premium Income of the year		**6,30,443**	**16,27,514**				
Profit Transferred to Profit and Loss Account		**8,28,110**	**(4,47,176)**				
TOTAL		**41,78,686**	**55,85,928**			**41,78,686**	**55,85,928**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA - 1000.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2007

PARTICULARS	31ST DECEMBER, 2007	31ST DECEMBER, 2006
Cash Flows from Operating Activities:		
Cash Receipts from Customers and Others	14,41,67,270	11,08,96,212
Cash Paid to Suppliers and Employees	(12,74,17,976)	(8,74,84,135)
Cash Generated from Operations	**1,67,49,294**	**2,34,12,077**
Interest Paid	0	0
Income Tax Paid & Deducted at Source	0	0
Net Cash Generated from Operating Activities	**1,67,49,294**	**2,34,12,077**
Cash Flows from Investing Activities		
Investment in Bonds / Shares	(58,22,853)	(67,84,092)
Acquisition of Property, Plant & Equipments etc.	(10,22,529)	(8,51,131)
Disposal of Property, Plant and Equip.	15,41,000	0
Net Cash used in Investing Activities	**(53,04,382)**	**(76,35,223)**
Cash Flows from Financing Activities		
Proceeds from Issuing of Shares	0	0
Proceeds from Short Term Borrowing	0	0
Re-payment of Short Term Loan	0	0
Re-payment of Long Term Loan	0	0
Net Cash Generated/ (Used) in Financing Activities	**0**	**0**
Net Increase in Cash and Bank Balances	1,14,44,912	1,57,76,854
Cash and Bank Balances at Beginning of Year	9,74,92,280	8,17,15,426
Cash and Bank Balances at End of Year	**10,89,37,192**	**9,74,92,280**

Accounting Policies 5

The notes are integral part of the Financial Statements
Approved and authorized for issue by the board of directors on 22-03-2008 and signed for and on behalf of the Board.

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

As per our report of even date.

Place: Dhaka, Bangladesh
Dated: 22nd March, 2008

Sd/-
A. HOQUE & CO.
CHARTERED ACCOUNTANTS

Sd/-
G. KIBRIA & CO.
CHARTERED ACCOUNTANTS

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA–1000

Statement of Changes in Equity For the Year Ended 31st December,2007

Particulars	Share Capital	Retained Earnings	Reserve for exceptional lossess	Total Equity
Balance as on 1st January, 2007	6,00,00,000	2,96,545	76,18,179	6,79,14,724
Addition during the year	0	0	0	0
Net Profit for the year		106,683	1,62,67,806	1,63,74,489
As at 31st December, 2007	**6,00,00,000**	**4,03,228**	**2,38,85,985**	**8,42,89,213**

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIA AREA, 7TH FLOOR, DHAKA-1000.

ACCOUNTING POLICIES AND EXPLANATORY NOTES FOR THE YEAR ENDED 31ST DECEMBER, 2007

The accounting policies and explanatory notes to the financial statements have been set out below in the manner as prescribed by the *IAS 1* "*Preparation and Presentation of Financial Statements*".

1.00 *Corporate Information – Domicile, Legal Form and Country of Incorporation*

The Company was incorporated in Bangladesh as a Public Company Limited by Shares on the 27th day of December, 2001 under the Companies Act, 1994. It is noted that the name of Sears Insurance Co. Ltd. has been changed to Takaful Islami Insurance Limited under the provision of Section 11, Sub-Section (5) Act (VII) of 1994.

Address of Registered Office

The registered office of the Company is located at 42, Dilkusha Commercial Area, 7th Floor, Dhaka-1000.

Principal Activities

The principal activities of the Company are general insurance businesses as per Insurance Act, 1938.

Number of Employees

There were 587 employees at the year ended 31st December, 2007.

Sl. No.	Particulars	No. of Employees
(i)	Managing Director	01
(ii)	Assistant Managing Director	04
(iii)	General Manager	05
(iv)	Secretary (DGM)	01
(v)	Deputy General Manager	22
(vi)	Senior Assistant General Manager	04
(vii)	Other Employees	550
	Total	**587**

2.00 *Basis of Presenting Financial Statements*

The following underlying assumptions, measurement base, laws, rules, regulations and accounting pronouncements have been considered in preparing and presenting the financial statements:
Going Concern
Accrual
Historical Cost Convention
Generally accepted accounting principles and practices in Bangladesh
The Companies Act, 1994
The Securities and Exchange Rules, 1987
The Accounting Standards Issued by the Institute of Chartered Accountants of Bangladesh (ICAB).

The Board of Directors are responsible for preparing and presenting the financial statements, who have approved and authorized the issue of these financial statements on 22-03-2008.

The preparation of financial statements in conformity with the *International Accounting Standards* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the year reported. Actual results could differ from those estimates. Estimates are used for accounting of certain items such as long-term contracts, provision for doubtful accounts, depreciation and amortization, taxes, reserves and contingencies.

3.00 *Adoption of International Accounting Standards (IASs)*

In preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, following IASs have been adopted by the company, which were issued by the ICAB formulated in the light of the IASs originally issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

IAS 1 Presentation of Financial Statements
IAS 2 Inventories
IAS 7 Cash Flow Statements
IAS 10 Events after the Balance Sheet Date
IAS 16 Property, Plant and Equipment
IAS 17 Leases
IAS 18 Revenue
IAS 33 Earnings Per Share

4.00 *Impact of Recently Issued Accounting Standards*

There was no such impact on these financial statements as no new accounting standard was issued by the ICAB during the year under review.

5.00 *Critical Corporate Accounting Policies in respect of Recognition and Valuation of Key Accounting Issues*

Following are the accounting policies relating to recognition and valuation of items in financial statements which are material and critical in determining the company's results of operations for the year and financial position as on the balance sheet date and are consistent with those adopted in the financial statements for the previous year:

(a) ***Revenue Recognition***

Revenue represents invoiced value of policies. Revenue is recognized when policies are made. Invoices were made after satisfying the following conditions as prescribed by *IAS 18* "*Revenue Recognition*":

(i) the significant risks and rewards of ownership of the policies has been transferred to the policyholder;

(ii) the amount of revenue was measured reliably;

(iii) it was probable that the economic benefits relating to the transactions will flow to the enterprise;

(iv) neither continuing managerial involvement nor effective control usually associated with ownership of the policy was retained by the Company; and

(v) cost relating to the transactions was measured reliably.

(b) ***Recognition of Tangible Fixed Assets***

These are capitalized at the cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use and other related incidental charges. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Fixed Assets do not include any assets held under lease.

(c) ***Depreciation of Tangible Fixed Assets***

In respect of all fixed assets, depreciation is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment"

Depreciation on Fixed Assets has been charged at a reducing balance method. Full year's depreciation has been charged on the balance of Fixed Assets except additions to Fixed Assets on which 6 months depreciation has been charged at the rates varying from 10% to 20%.

Depreciation is charged at the rate shown below:

Furniture & Fixture	10%
Office Equipment	15%
Office Decoration	10%
Air Cooler	15%
Motor & Other Vehicles	20%
Computer	15%
Telephone Installation	15%
Cookeries & Cutleries	25%
Electrical Installation	15%
Carpet & Curtain	10%
Other Assets	10%

(d) ***Investment in FDR and Shares***

Investment is stated at its cost of acquisition and interest and profit on investment has been accounted for on accrual basis. The Profit and Loss Account reflects income from the investment only to the extent of distributions from accumulated net profit of the investee company in the form of dividend, which is recognized when the company's right to receive payment is established, that is, approved as dividend in the annual general meeting of the said company. Similarly the Profit and Loss Account also reflects the income on account of interest on investment only to the extent of amount which has been accrued but not due.

(e) ***Inventories***

In compliance with the requirement of ***IAS 2*** "*Inventories*", inventories are stated at the lower of cost and net realizable value.

Net realizable value is based on estimated selling price less any further cost expected to be incurred to make the sale.

(f) ***Sundry Debtors (Including Advance, Deposits and Pre-payments)***

These are carried at original invoice amount which represents net realizable value. The entire amount is considered good and collectible and therefore no amount was written off as bad debt and no debt was considered doubtful to be provided for.

(g) ***Cash and Cash Equivalents***

For the purpose of balance sheet and cash flow statement, cash in hand, fixed deposit with other banks, collection in hand, stamp in hand and bank balances represent ***Cash and Cash Equivalents*** considering the *IAS 1* "*Preparation and Presentation of Financial Statements*" and *IAS 7* "*Cash Flow Statement*", which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and are not restricted as to use.

(h) ***Other Current Assets***

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

(i) ***Income Tax***

The Company is not a Publicly Traded Company as per Income Tax Ordinance, 1984. The Company is subject to the assessment under the Income Tax Ordinance, 1984 and accordingly the assessment of the Income Tax has been completed up to the assessment year 2006-2007.

Considering the practices generally followed in Bangladesh as well as the Company's previous practice, no deferred tax assets or deferred tax liabilities have been accounted for in accordance with *IAS 12* "*Income Tax*".

(j) ***Cost of Post Employment Benefits***

The Company has not yet introduced the contributory provident fund, unfunded gratuity scheme and a group insurance scheme for its permanent employees.

(k) ***Other Corporate Debt, Accounts Payable, Trade and Other Liabilities***

These liabilities are carried at the anticipated settlement amount in respect of policies and services received, whether or not billed by the policyholder and the supplier.

(l) ***Provisions***

Provisions are liabilities of uncertain timings or amount, provisions are recognized when the company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(m) ***Earnings per Share (EPS)***

The Company calculates earnings per share (EPS) in accordance with IAS 33 earnings per share" which has been shown on the face of profit and loss account. The disclosure has been made in the **Note 39** in respect of numerator (net profit) and denominator (weighted average number of shares) used in the calculation of basic EPS with necessary computation and reconciliation.

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders, as there was no preference dividend, minority interest and extra ordinary items, the net profit for the year has been considered as fully attributable to the ordinary shareholders.

Diluted Earnings per Share

No diluted Earnings Per Share (EPS) is required to be calculated for the year as there was no scope for dilution during the year under review.

(n) ***Financial Instruments and Derivatives***

Primary Financial Instruments (Financial Assets and Liabilities)

The disclosure of primary financial instruments carried at the balance sheet date alongwith the recognition methods and risks involved are summarized in **Note 37** in accordance with the provisions of ***IAS 32*** Financial Instruments: "Disclosure and Presentation."

(o) ***Derivative Financial Instruments***

The Company is not a party to any derivative contract at the balance sheet date, such as forward exchange contract, currency swap agreement or interest rate option contract to hedge currency exposure related to import of raw materials and others or principal and interest obligations of foreign currency loans.

6.00 *Profit and Loss Account*

The results for the year were not materially affected by:

(a) transactions of a nature not usually undertaken by the company;
(b) circumstances of an exceptional or non-recurring nature;
(c) charges or credits relating to prior years; and
(d) changes in accounting polices.

7.00 *Reporting Currency*

No Foreign Currency Transactions were transacted during the year thus the conversion of Foreign Currency into Bangladeshi Taka Currency is not required during the year ended 31st December, 2007.

8.00 *Re-Arrangement*

Certain amounts for previous year have been re-arranged to conform with 2007 presentation.

9.00 *Information by Industry Segments and Geographical Areas*

Industry Segment Information

No mention is made because the company does not have any segment other than the insurance business.

Geographic Segment Information

Not applicable as the company does not have any business unit abroad.

10.00 *Cash Flow Statement*

Cash Flow Statement is prepared principally in accordance with *IAS 7* "*Cash Flow Statement*" and the Cash Flow from the operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 19 of *IAS 7* which provides that "*Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method*".

11.00 *Recognized Gains and Losses*

No gain or loss was directly dealt with through the shareholders equity without being recognized in the profit and loss account.

Therefore, net profit after tax for the year is the total recognized gains.

12.00 *Historical Cost Profit and Losses*

As there was no extra ordinary item, there was no difference in profit from ordinary activities before taxation and the net profit before tax. Furthermore, as there was no revaluation of fixed assets in previous years and during the year under review, there was no factor like the differences between historical cost depreciation and depreciation on revalued amount, realization of revenue surplus on retirement or disposal of assets etc. Therefore, no separate note of historical cost profit and loss has been presented.

13.00 *Additional Information on Financial Statements*

Responsibility for Preparation and Presentation of Financial Statements

The board of directors is responsible for the preparation and presentation of financial statements as per "*the framework for the preparation and presentation of financial statements issued by the IASC*".

The balance sheet has been prepared in accordance with the regulations as contained in Part -I and Part -II of the First Schedule (Form-A) and the Revenue Account of each class of General Insurance Business has been prepared in accordance with the regulations as contained in Part -I and Part II of the Third Schedule and as per **Form "F"** as set forth in Part -II of Third Schedule of Insurance Act, 1938 as amended from time to time.

The total amount of premium earned on various classes insurance business underwritten during the year has been duly accounted for in the books of account of the Company and while preparing the financial statements of accounts, the effect of re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated have also been reflected in order to arrive at the net underwriting profit for the period.

Interest earned on Statutory Deposits lying with Bangladesh Bank in the Form of National Investment Bonds and Interest earned on Term Deposit has duly been accounted for.

Management Expenses charged to Revenue Accounts amounting to **Tk. 5,43,17,539** during the year have been apportioned to various businesses of the Company on pro-rate basis of Gross Premium Income earned and **Tk. 25,48,273** has been charged directly to individual business.

While preparing the Revenue Account, the effect of necessary adjustment has duly been given in to accounts in respect of re-insurance business ceded and accepted. Re-Insurance Premium ceded has been accounted for into accounts.

Surplus or deficit on revenue have been arrived at after providing for un-expired risks @ 40% on all business except Marine Hull Insurance for which 100% provision has been created for un-expired risks.

14.00 *Components of the Financial Statements*

According to the *International Accounting Standards (IAS) 1* "*Presentation and Preparation of Financial Statements*", the complete set of Financial Statements includes the following components:

(i) Balance Sheet as at 31st December, 2007
(ii) Profit and Loss Appropriation Account for the year from 1st January, 2007 to 31st December, 2007;
(iii) Profit and Loss Account for the year from 1st January, 2007 to 31st December, 2007;
(iv) Revenue Accounts (Fire, Marine Cargo, Marine Hull, Motor, Miscellaneous Insurance Revenue Account) for the year from 1st January, 2007 to 31st December, 2007;
(v) Cash Flow Statement for the year from 1st January, 2007 to 31st December, 2007;
(vi) Accounting Policies and Explanatory Notes.

15.00 *Compliance with Local Laws*

The financial statements have been prepared in compliance with requirements of the Securities and Exchange Rules, 1987, Insurance Act, 1938, Insurance Rules, 1958 in addition of the Companies Act, 1994 and other relevant local laws and rules, although the company is not a listed company but is going for a public issue of shares.

16.00 *Compliance with International Accounting Standards (IASs)*

The financial statements have been prepared in compliance with requirements of IASs adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

17.00 *Comparative Information*

Comparative information have been disclosed in respect of the year 2006 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the year 2006 have been rearranged whenever considered necessary to ensure comparability with the current year.

18.00 *Reporting Period*

The Financial Statements of the Company cover a year from 1st January, 2007 to 31st December, 2007 consistently.

BALANCE SHEET

CAPITAL AND LIABILITIES

		AMOUNT (TK.) 31-12-2007	AMOUNT (TK.) 31-12-2006
19.00	**AUTHORIZED SHARE CAPITAL**	**Tk. 20,00,00,000**	**Tk. 20,00,00,000**

The Authorized Share Capital of the Company is Tk. 20,00,00,000/= divided into 20,00,000 Ordinary Shares of Tk. 100/= each.

20.00 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL** **Tk. 6,00,00,000** **Tk. 6,00,00,000**

6,00,000 Ordinary Shares of Tk. 100/= each Issued, Subscribed and Fully Paid up by the Shareholders	6,00,00,000	6,00,00,000
	6,00,00,000	6,00,00,000

21.00 **RESERVE FOR EXCEPTIONAL LOSSES ACCOUNT** **Tk. 2,38,85,985** **Tk. 76,18,179**

This is made up as follows:

Particulars	Amount (Tk.)
Balance brought forward	76,18,179
Add: Provision during the year (10% on Premium Income)	1,62,67,806
Total	**2,38,85,985**

22.00 **PROFIT & LOSS APPROPRIATION ACCOUNT** **Tk. 4,03,228** **Tk. 2,96,545**

Particulars	Amount Tk. 2007	Amount Tk. 2006
Balance as on 01-01-2007/2006	2,96,545	10,26,195
Add: Profit/(Loss) during the year 2007/2006	2,73,70,865	1,12,38,529
	2,76,67,410	1,22,64,724
Less: Provision for Income Tax	49,96,376	13,50,000
Reserve for Exceptional Losses	1,62,67,806	76,18,179
Proposed Dividend	60,00,000	30,00,000
	2,72,64,182	1,19,68,179
Balance as on 31-12-2007/2006	**4,03,228**	**2,96,545**

23.00 **BALANCE OF FUNDS AND ACCOUNTS** **Tk. 4,05,09,146** **Tk. 3,07,76,696**

This represents Reserve for un-expired risks provided against the Net Premium Income of the year at the rates varying from 40% to 100% on different classes of business including Public Sector Business as shown below:

CLASSES OF BUSINESS	PERCENTAGE	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Fire	40%	1,46,91,082	94,60,993
Marine Cargo	40%	2,11,72,902	1,59,80,879
Marine Hull	100%	3,75,515	5,06,631
Motor	40%	36,39,204	32,00,679
Miscellaneous	40%	6,30,443	16,27,514
TOTAL		**4,05,09,146**	**3,07,76,696**

24.00 **OTHER SUMS OWING (PREMIUM DEPOSITS ACCOUNT)** **Tk. 39,76,810** **Tk. 60,70,380**

Balance on this account represents premium received against cover notes issued on account of Marine Cargo for which no policy has been issued within 31st December, 2007.

25.00 **ESTIMATED LIABILITIES IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED** **Tk. 1,26,54,913** **Tk. 5,89,92,485**

The break up of the above amount is noted below:

CLASSES OF BUSINESS	PRIVATE SECTOR	PUBLIC SECTOR	TOTAL 2007	TOTAL 2006
Fire	80,02,565	0	80,02,565	5,63,47,390
Marine Cargo	35,27,063	0	35,27,063	15,61,833
Marine Hull	0	0	0	0
Motor	11,25,285	0	11,25,285	10,57,259
Miscellaneous	0	0	0	26,003
Total	**1,26,54,913**	**0**	**1,26,54,913**	**5,89,92,485**

26.00 **AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS** **Tk. 4,60,29,473** **Tk. 2,92,06,897**

This represents balance of account with various private and public sectors in respect of co-insurance transactions and amount payable to co-insurance. The break up of the above amount is noted below:

NAME OF THE PERSON OR BODIES	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Sadharan Bima Corporation	4,60,23,153	2,91,81,620
City General Insurance Co. Ltd.	6,320	0
Green Delta Insurance Company Ltd.	0	3,622
Central Insurance Ltd.	0	21,655
Total	**4,60,29,473**	**2,92,06,897**

27.00 **SUNDRY CREDITORS -Including Provision for Expenses** **Tk. 29,59,726** **Tk. 11,67,617**

The balance is made as under:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Audit Fee	25,000	25,000
VAT	9,69,114	9,64,222
Salary & Allowance Payable	0	17,750
Liabilities for Expenses	5,06,884	1,50,645
Earnest Money	41,228	0
Unpaid Dividend	14,17,500	0
Other Payable	0	10,000
Total	**29,59,726**	**11,67,617**

28.00 **PROVISION FOR INCOME TAX** **Tk. 63,46,376** **Tk. 13,50,000**

This is made up as follows:

Particulars	Amount (Tk.)
Balance brought forward	13,50,000
Add: Provision during the year 2007	49,96,376
Total	**63,46,376**

29.00 **PROPOSED DIVIDEND** **Tk. 60,00,000** **Tk. 30,00,000**

The above amount represents the proposed dividend @ 10% on paid up capital has been provided as per decision of the Board.

PROPERTY AND ASSETS

30.00 **INVESTMENT AT COST** **Tk. 3,02,10,243** **Tk. 2,43,87,390**

This is made up as follows:

30.01	NIB Deposit with Bangladesh Bank	Tk. 90,00,000	Tk. 90,00,000
30.02	Investment in Shares	,, 2,12,10,243	,, 1,53,87,390
		Tk. 3,02,10,243	Tk. 2,43,87,390

30.01 **NIB DEPOSIT WITH BANGLADESH BANK** **Tk. 90,00,000** **Tk. 90,00,000**

The above amount represents the value of 3 (Three) years National Investment Bonds at cost held with Bangladesh Bank according to the provision of Section 7 (I) of Insurance Act (Act IV of 1938 and 7th Schedule item 2 (f) of the said Act (Section 17 of the Insurance Amendments Ordinance, 1984) as detailed below:

PARTICULARS	AMOUNT IN TK.	AMOUNT IN TK.
9 Nos. of 3 (Three) years National Investment Bonds at a Face Value of Tk. 10,00,000 of each vide No. OK-002448-55, PK-000057	90,00,000	90,00,000

30.02 **INVESTMENT IN SHARE** **Tk. 2,12,10,243** **Tk. 5,62,33,374**

The above amount represents the total Cost Price of Investment in different Shares of various listed Company as on 31st December, 2007. This is made up as follows:

Name of the Company	Market Price per Share as on 31-12-2007	Nos. of Share	Average Buying Rate (Tk.)	Total Value (Tk.)	Market Value as on 31-12-07
IBBL	6,632.00	7957	2,242.05	1,78,40,046	5,27,70,824
DESCO	1,069.00	1000	1,062.48	10,62,486	10,69,000
Square Pharma	3,682.00	200	3,239.26	6,47,853	7,36,400
Summit Power	1,441.00	1150	1,443.35	16,59,858	16,57,150
Total				**2,12,10,243**	**5,62,33,374**

31.00 **PROFIT, INTEREST DIVIDEND & RENTS (ACCRUED BUT NOT DUE)** **Tk. 57,66,002** **Tk. 1,04,35,288**

This is made up as follows:

PARTICULARS	AMOUNT IN TK. 2007	AMOUNT IN TK. 2006
Profit Accrued on TDR	35,78,927	59,43,086
Interest on FDR	17,15,500	24,48,709
Interest Accrued on 3 (Three) years NIB	4,71,575	20,43,493
Total	**57,66,002**	**1,04,35,288**

32.00 **AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS** **Tk. 3,73,97,877** **Tk. 5,27,74,067**

The break up of the above amount is noted below:

PARTICULARS	AMOUNT IN TK. 2007	AMOUNT IN TK. 2006
Sadharan Bima Corporation (SBC)	3,73,97,877	5,27,74,067
Total	**3,73,97,877**	**5,27,74,067**

33.00 **SUNDRY DEBTORS (Including Advances, Deposits & Prepayments)** **Tk. 1,36,28,417** **Tk. 63,12,085**

The break up of the above is as under:

PARTICULARS	AMOUNT IN TK. 2007	AMOUNT IN TK. 2006
Advance against Salary	1,25,006	3,78,400
Advance against Office Rent	14,80,368	12,02,216
Advance Income Tax deducted at source	45,25,495	28,29,046
Lease Deposits	6,98,880	3,30,080
Advance VAT Payment	3,81,050	6,35,769
R.R. Securities Ltd.	57,36,043	26,017
Commission Receivable	4,81,575	9,10,557
Central Shariah Council	2,00,000	0
Total	**1,36,28,417**	**63,12,085**

34.00 **CASH AND BANK BALANCES** **Tk. 10,89,37,192** **Tk. 9,74,92,280**

The above amount is made up as follows:

PARTICULARS	AMOUNT IN TK. 2007	AMOUNT IN TK. 2006
Term Deposit Accounts	6,63,00,000	0
Fixed Deposit Receipt	1,54,00,000	7,10,50,000
Short Term Deposit Account	1,98,25,738	2,19,54,450
Current Account	27,49,955	8,07,161
Cash in Transit	6,00,000	3,00,000
Cash in hand	40,61,499	33,80,669
Total	**10,89,37,192**	**9,74,92,280**

Cash balances have been verified with branch statements and have also been certified by the Head Office Management. The detailed bank wise position of Term Deposits Receipt /Fixed Deposits is as under:

Name of the Bank	Amount (Tk.)
Term Deposit Receipt (TDR)	
Islami Bank Bangladesh Ltd.	4,82,00,000
Prime Bank Ltd.	11,00,000
Al-Arafah Islami Bank Ltd.	70,00,000
Social Investment Bank Ltd.	26,00,000
The Oriental Bank Ltd. (Al-Baraka Bank Ltd.)	5,00,000
Shahjalal Islami Bank Ltd.	19,00,000
Exim Bank Ltd.	30,00,000
Jamuna Bank Ltd.	10,00,000
Capital Credit Co-operative Society Ltd.	10,00,000
Total	**6,63,00,000**
Fixed Deposit Receipt (FDR)	
Basic Bank Ltd.	18,50,000
Pubali Bank Ltd.	11,00,000
United Bank Commercial Bank Ltd.	2,00,000
Mercantile Bank Ltd.	20,00,000
National Bank Ltd.	11,00,000
NCC Bank Ltd.	24,50,000
IFIC Bank Ltd.	3,00,000
Prime Bank Ltd.	5,00,000
Southeast Bank Ltd.	3,00,000
Uttara Bank Ltd.	7,00,000
Rupali Bank Ltd.	1,00,000
Dhaka Bank Ltd.	4,00,000
Duch-Bangla Bank Ltd.	12,00,000
International Leasing & Financial Services Ltd.	10,00,000
One Bank Ltd.	12,00,000
Self Employment Finance Ltd.	10,00,000
Total	**1,54,00,000**

The bank wise position of Short Term Deposit Account, Current Accounts, Cash in Transit & Cash in Hand are as under:

Name of the Branch	SND/STD Account	Current Account	Cash in Transit	Cash in Hand
AB Bank Ltd.	1,61,274.90	0	0	0
Al-Arafah Islami Bank Ltd.	13,99,897.51	0	0	0
Basic Bank Ltd.	2,79,987.70	0	0	0
Dutch-Bangla Bank Ltd.	60,712.43	0	0	0
EXIM Bank Ltd.	2,50,223.28	0	0	0
First Security Bank Ltd.	1,76,807.50	0	0	0
IFIC Bank Ltd.	1,98,760.60	0	0	0
Islami Bank (BD) Ltd.	1,43,66,630.80	27,49,955.68	0	0
Jamuna Bank Ltd.	4,59,962.00	0	0	0
NCCBL	3,01,561.21	0	0	0
National Bank Ltd.	1,78,190.00	0	0	0
One Bank Ltd.	5,74,945.00	0	0	0

Name of the Branch	SND/STD Account	Current Account	Cash in Transit	Cash in Hand
Prime Bank Ltd.	52,583.36	0	0	0
Rajshahi Krishi Unnayan Bank Ltd.	98,558.00	0	0	0
Rupali Bank Ltd.	10,366.00	0	0	0
Shahjalal Islami Bank Ltd.	76,478.94	0	0	0
Social Investment Bank Ltd.	7,09,291.42	0	0	0
Southeast Bank Ltd.	2,98,904.40	0	0	0
United Commercial Bank Ltd.	38,896.78	0	0	0
Uttara Bank Ltd.	1,31,706.00	0	0	0
IBBL, Bashurhat	0	0	1,00,000.00	0
IBBL, Agrabad	0	0	2,00,000.00	0
IBBL, Kishoregonj	0	0	1,00,000.00	0
IBBL, Bhola	0	0	1,00,000.00	0
IBBL, Comilla	0	0	1,00,000.00	0
Head Office	0	0	0	8,78,386.00
Head Office Booth	0	0	0	12,807.00
Agrabad Branch	0	0	0	1,92,039.00
B.B. Avenue Branch	0	0	0	1,26,041.00
Bangshal Branch	0	0	0	39,471.00
Barisal Branch	0	0	0	2,11,324.00
Chowmuhani Branch	0	0	0	14,401.00
Comilla Branch	0	0	0	81,268.00
Dilkusha Corporate Branch	0	0	0	1,004.00
Dinajpur Branch	0	0	0	44,297.00
Elephant Road Branch	0	0	0	4,28,221.00
Faridpur Branch	0	0	0	331.00
Imamgonj Branch	0	0	0	34,386.00
Jessore Branch	0	0	0	46,608.00
Jhenaidah Branch	0	0	0	22,899.00
Khatungonj Branch	0	0	0	33,489.00
Khulna Branch	0	0	0	1,15,327.00
Local Office	0	0	0	2,28,559.00
Malibagh Branch	0	0	0	6,07,208.00
Motijheel Branch	0	0	0	1,41,708.00
Rajshahi Branch	0	0	0	6,449.00
Saidpur Branch	0	0	0	67,721.00
Mymensingh Branch	0	0	0	20,641.00
Sylhet Branch	0	0	0	1,25,006.00
Head Office Cell	0	0	0	1,76,083.00
Paltan Branch	0	0	0	61,713.00
Bogra Branch	0	0	0	43,814.00
Narayangonj Branch	0	0	0	1,35,705.00
Kawran Bazar Branch	0	0	0	18,503.00
Mohakhali Branch	0	0	0	30,539.00
Narsingdi Branch	0	0	0	67,121.00
Kishorgonj Branch	0	0	0	17,191.00
Jubilee Road Branch	0	0	0	31,239.00
Total	**1,98,25,738.00**	**27,49,955.00**	**6,00,000.00**	**40,61,499.00**

35.00 **OTHER ACCOUNTS** **Tk. 68,25,926** **Tk. 70,77,689**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Fixed Assets (At Cost Less Depreciation. Note 35 (a)	64,34,004	64,86,674
Stock of Printing & Stationery	2,22,500	2,10,020
Insurance Stamp in Hand	89,422	3,15,995
Pre IPO Expenses	80,000	65,000
Total	**68,25,926**	**70,77,689**

(a) **FIXED ASSETS** **Tk. 64,34,004** **Tk. 64,86,674**

At Cost Less Depreciation (Note 35 (a)

This is made up as under:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Cost as on 01-01-2007	1,02,70,554	94,19,423
Add: Addition during the year, 2007	10,22,529	8,51,132
	1,12,93,083	1,02,70,555
Less: Disposal during the year, 2007	5,06,635	0.00
	1,07,86,448	1,02,70,555
Depreciation as on 01-01-2007	37,83,881	0
Add: Depreciation charged during the year, 2007	9,05,387	28,21,140
	46,89,268	9,62,741
Less: Adjustment during the year, 2007	3,36,824	0
	43,52,444	37,83,881
Balance as on 31-12-2007	**64,34,004**	**64,86,674**

(b) **STOCK OF PRINTING & STATIONERY** **Tk. 2,22,500** **Tk. 2,10,020**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Balance as on 01-01-2007	2,10,020	1,54,500
Add: Purchase during the year, 2007	11,17,959	8,19,320
	13,27,979	9,73,820
Less: Consumption during the year	11,05,479	7,63,800
Balance as on 31-12-2007	**2,22,500**	**2,10,020**

(c) **INSURANCE STAMPS IN HAND** **Tk. 89,422** **Tk. 3,15,995**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.)2006
Balance as on 01-01-2007	3,15,995	86,083
Add: Purchase during the year, 2007	65,04,000	51,60,000
	68,19,995	52,46,083
Less: Consumption during the year	67,30,573	49,30,088
Balance as on 31-12-2007	**89,422**	**3,15,995**

(d) **PRE-IPO EXPENSES** **Tk. 80,000** **Tk. Nil**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Balance as on 01-01-2007	65,000	0
Add: During the year, 2007	15,000	0
Balance as on 31-12-2007	**80,000**	**0**

36.00 **PROFIT, INTEREST, DIVIDENDS & RENTS** **Tk. 98,17,823** **Tk. 90,17,173**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Profit on SND Account	8,07,931	6,82,323
Profit on TDR	53,42,074	47,37,585
Interest on FDR	9,36,237	11,25,896
Bonus, Dividend Received on Shares	18,97,007	16,72,519
Interest accrued on 3 (three) year's NIB	7,65,000	7,65,000
Interest on STD Account	69,574	33,850
Total	**98,17,823**	**90,17,173**

We are told by the management that the interest due, received and accrued mentioned above will be transferred to Takaful Foundation in the subsequent period as and when the Takaful Foundation will be established.

36.01 **OTHER INCOME** **Tk. 62,51,542** **Tk. 0**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Miscellaneous Income	1,000	0
Profit on Sale of Motor Car	13,71,189	0
Capital Gain on Sales of Shares	48,79,353	0
Total	**62,51,542**	**0**

37.00 **ALLOCATION OF MANAGEMENT EXPENSES** **Tk. 5,43,17,539** **Tk. 4,94,86,424**
(Applicable to Fund)

NAME OF BUSINESS	APPORTIONED EXPENSES	DIRECT CHARGE	AMOUNT IN TK. 2007	AMOUNT IN TK. 2006
Fire	2,55,92,340	5,16,271	2,61,08,611	2,25,30,416
Marine Cargo	2,12,81,979	7,06,604	2,19,88,583	1,96,84,029
Marine Hull	5,63,329	61,478	6,24,807	5,51,651
Motor	35,24,131	74,442	35,98,573	35,30,868
Miscellaneous	8,07,487	11,89,478	19,96,965	31,89,460
Total	**5,17,69,266**	**25,48,273**	**5,43,17,539**	**4,94,86,424**

The Head wise breakup of the above amount is given below:

HEAD OF ACCOUNT	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Salary & allowances	3,40,94,201	3,01,78,228
Festival Bonus	20,93,753	29,03,511
Conveyance	14,27,787	11,25,848
Traveling	78,686	1,06,287
Office Rent	31,13,709	29,47,626
Gas, Water & Electricity	6,11,044	5,86,622
Electrical Expenses	37,346	62,557
Office Maintenance	83,665	1,22,110
Car Repair & Maintenance	9,06,620	11,35,686
Car Fuel	8,24,415	8,58,824
Entertainment	4,70,686	5,36,558
Meeting Expenses	2,70,190	2,63,177
Seminar & Training Expenses	16,500	9,500
Bank Charges & Commission	3,58,397	2,59,831

Postage & Courier	1,07,475	93,537
Printing	4,40,293	4,47,708
Stationery	4,55,166	3,71,612
Papers & Periodicals	96,817	82,478
Internet, Telex & Fax Bill	13,750	11,189
Photocopy, Typing & Fax Bill	80,924	73,162
Telephone Bill (Office)	12,97,137	8,13,355
Telephone Bill (Residence)	1,20,188	1,34,171
Mobile Bill	8,26,019	8,28,998
Lease Rental	31,66,030	18,49,675
Service Charge	3,82,132	3,75,783
Medical Expenses	10,000	0
Garage Rent	0	77,109
Revenue Stamp	1,22,666	1,07,737
Wages	0	5,52,716
Repair & Maintenance (Office)	55,370	23,687
Car Maintenance (Others)	15,180	22,385
Conference Expenses	1,26,825	98,530
Accounting Software	20,000	20,000
CDBL Charge& Commission	46,295	16,389
Management Expenses (SBC)	0	19,51,676
Insurance Stamp Used - Fire	0	3,59,176
Insurance Stamp Used - Motor	0	70,545
Insurance Stamp Used - Miscellaneous	0	8,441
Total	**5,17,69,266**	**4,94,86,424**

38.00 **CASH AND CASH EQUIVALENT** **Tk. 2,72,37,142** **Tk. 2,64,42,280**

This is made up as follows:

PARTICULARS	AMOUNT (TK.) 2007	AMOUNT (TK.) 2006
Short Term Deposits Account	1,98,25,738	2,19,54,450
Current Account	27,49,955	8,07,161
Cash in Transit	6,00,000	3,00,000
Cash in hand	40,61,449	33,80,669
Total	**2,72,37,142**	**2,64,42,280**

39.0 **Earnings Per Share (EPS) as per IAS 33**

Basic Earnings per Share (EPS)

Basic EPS= Earnings Attributable to Ordinary Shareholders / Weighted Average No. of Shares Outstanding during the year

(Net Profit after tax including the provision of tax on assumption basis @ 45% on reserve for exceptional losses)

Computation of earnings attributable to Ordinary Shareholders:

Net Profit before tax	Tk. 2,73,70,865	Tk. 1,12,38,529
Less: Provision for tax	Tk. 49,96,376	Tk. 13,50,000
Less: Provision for tax @ 45% on reserve for exceptional loss	Tk. 73,20,513	Tk. 34,28,181
	Tk. 1,23,16,889	Tk. 47,78,181
	Tk. 1,50,53,976	Tk. 64,60,348

= Tk. 1,50,53,976 / 600000 Shares = Tk . 64,60,348 / 600000 Shares

= Tk. 25.09 approximately = Tk. 10.77 approximately

Computation of weighted average number of shares Outstanding

Date	No of Shares Issued	Period	Days	Weight	Weighted average no.
Opening	6,00,000	01-01-2007-31-12-2007	366	366/366	6,00,000
Total	**6,00,000**				**6,00,000**

40.00 INTRINSIC VALUE OR NET ASSETS VALUE

The offer price of the common stock of Takaful Islami Insurance Ltd. has been determined on the basis of net assets value, the break up of which is given below:

Particulars	Amount (Tk.)
A. ASSETS:	
Investment at cost	90,00,000
Investment in Shares	2,12,10,243
Interest Accrued but not due	57,66,002
Amount due from other persons or bodies carrying on Insurance Business	3,73,97,877
Sundry Debtors (Including Advances, Deposits & Prepayments)	1,36,28,417
Cash and Bank Balances	10,89,37,192
Other Accounts (Fixed Assets & Stock of Stationery, Stamps)	67,45,926
Total	**20,26,85,657**
B. LIABILITIES:	
Balance of Funds and Accounts	40,509,146
Estimated Liabilities in respect of outstanding claims whether due or intimated	1,26,54,913
Amount due to other persons or bodies carrying on Insurance Business	4,60,29,473
Sundry Creditors (Including provision for expenses and Taxes)	29,59,726
Provision for Income Tax	63,46,376
Proposed Dividend	60,00,000
Other Sums Owing (Premium Deposit Account)	39,76,810
Total	118,476,444
Net Assets (A-B)	**84,209,213**
No. of Shares	6,00,000
Intrinsic Value / Net Assets Value per Share	**140.34**

41.00 *Financial Instruments and related disclosure under IAS 32 "Financial Instruments: Disclosure and Presentation".*

Setout below is a year-ended balance of carrying amounts (book value) of all financial assets and liabilities (Financial Instruments):

Particulars	Interest Bearing		Non Interest Bearing	Total
	Maturity within one year	Maturity after one year		
Financial Assets				
National Investment Bond	--	90,00,000	--	90,00,000
FDR/TDR	8,17,00,000	--	--	8,17,00,000
Investment in Share	--	--	2,12,10,243	2,12,10,243
Cash and Cash Equivalent	1,98,25,738	--	74,11,404	2,72,37,142
Total	**10,15,25,738**	**90,00,000.00**	**2,86,21,647**	**13,91,47,385,**
Financial Liabilities				
Bank Overdraft	--	--	--	--
Creditors	--	--	29,59,726	29,59,726
Provision for Tax	--	--	63,46,376	63,46,376
Proposed Dividend	--	--	60,00,000	60,00,000
Total	**--**	**--**	**1,53,06,102**	**1,53,06,102**
Net Financial Assets/Liabilities	**10,15,25,738**	**90,00,000.00**	**1,33,15,545**	**12,38,41,283**

42.00 *Related Party Transactions-Disclosure under IAS 24 "Related Party Disclosure"*

During the year under review, the Company has not carried out the transactions with related parties in the normal course of business and on an arms length basis.

43.00 *Payment / Perquisites to Directors*

No amount of money was spent by the Company for compensating any member of the Board for services rendered.

44.00 *Capital Expenditure Commitment*

There was no commitment for capital expenditure and also not incurred or provided for the year ended 31st December, 2007.

45.00 *Claims not acknowledged*

There was no claim against the Company not acknowledged as debt as on 31st December, 2007.

46.00 *Contingent Liabilities*

There was no sum for which the Company is contingently liable as on 31st December, 2007.

47.00 *Credit Facility not Availed*

There was no credit facility available to the Company under any contract and also not availed as of 31st December, 2007 other than trade credit available in the ordinary course of business.

48.00 *Subsequent Events-Disclosures under IAS 10 "Events after the Balance Sheet Date"*

There was no non-adjusting post balance sheet event of such importance, non-disclosure of which would affect the ability of the users of the financial statements to make proper evaluations and decisions.

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR, DHAKA-1000.

Note - 35 (a)

SCHEDULE OF FIXED ASSETS AS AT 31ST DECEMBER, 2007

PARTICULARS	ORIGINAL COST				RATE OF DEP.	DEPRECIATION				WRITTEN DOWN VALUE AS ON 31-12-2007
	BALANCE AS ON 01-01-2007	ADDITION DURING THE YEAR	ADJUST-MENT	TOTAL AS ON 31-12-2007		BALANCE AS ON 01-01-2007	CHARGED DURING THE YEAR	ADJUST-MENT	TOTAL AS ON 31-12-2007	
Furniture & Fixture	18,01,660	2,11,144	0	20,12,804	10%	5,77,144	1,33,009	0	7,10,153	13,02,651
Office Equipment	9,99,474	16,600	0	10,16,074	15%	3,83,581	93,629	0	4,77,210	5,38,864
Office Decoration	32,27,092	1,37,770	0	33,64,862	10%	8,94,254	2,40,172	0	11,34,426	22,30,436
Air Cooler	8,59,571	54,000	0	9,13,571	15%	3,86,663	74,986	0	4,61,649	4,51,922
Motor & Other Vehicles	15,86,329	3,47,000	5,06,635	14,26,694	20%	8,42,847	1,83,396	3,36,824	6,89,419	7,37,275
Computer	1,80,800	1,59,700	0	3,40,500	15%	74,269	27,957	0	1,02,226	2,38,274
Telephone Installation	11,54,784	69,860	0	12,24,644	15%	4,38,213	1,12,725	0	5,50,938	6,73,706
Crokeries & Cutleries	36,744	3,915	0	40,659	25%	22,627	4,019	0	26,646	14,013
Electrical Installation	2,92,211	9,820	0	3,02,031	15%	1,29,418	25,155	0	1,54,573	1,47,458
Carpet & Curtain	34,250	0	0	34,250	10%	11,795	2,246	0	14,041	20,209
Other Assets	97,639	12,720	0	1,10,359	10%	23,070	8,093	0	31,163	79,196
TOTAL	**1,02,70,554**	**10,22,529**	**5,06,635**	**1,07,86,448**		**37,83,881**	**9,05,387**	**3,36,824**	**43,52,444**	**64,34,004**

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR,
DHAKA -1000.

FORM "AA"

CLASSIFIED SUMMARY OF ASSETS AS AT 31ST DECEMBER, 2007

CLASS OF ASSETS	BOOK VALUE
Deposit with Bangladesh Bank (National Investment Bond)	90,00,000
Investment in Shares	2,12,10,243
Cash on Fixed Deposit, TDR, STD, Current Account and Cash in Transit with Bank	10,48,75,693
Cash in Hand	40,61,499
Interest Accrued but not due/Profit, Interest, Dividend & Rent accrued but not due	57,66,002
Sundry Debtors Including Advances, Deposits & Prepayments	1,36,28,417
Stock of Printing and Stationery	2,22,500
Stamp in Hand	89,422
Fixed Assets (At Cost less Depreciation)	64,34,004
Amount due from other persons or bodies Carrying on Insurance business	3,73,97,877
Total	**20,26,85,657**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE - CHAIRMAN**	**CHAIRMAN**	**A. HOQUE & CO. CHARTERED ACCOUNTANTS**	**G. KIBRIA & CO. CHARTERED ACCOUNTANTS**

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COMMERCIAL AREA, 7TH FLOOR,
DHAKA -1000.

DIRECTORS' CERTIFICATE

As per regulations contained in the First Schedule of the Insurance Act, 1938 and as per Section 40-C of the Act we certify that:

01. The value of all assets shown in the Balance Sheet and classified on **Form-"AA"** annexed have been reviewed as at 31st December, 2007 & in our belief, the said assets have been set forth in the Balance Sheet at amount not exceeding their realizable or market value under the several headings enumerated in the annexed form:

02. All expenses of management wherever incurred, whether directly or indirectly in respect of Fire, Marine Cargo, Marine Hull, Motor & Miscellaneous insurance business have been fully debited in the respective Revenue Account as expenses.

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Sd/-	Sd/-	Sd/-	Sd/-
MANAGING DIRECTOR	**DIRECTOR**	**VICE-CHAIRMAN**	**CHAIRMAN**

Auditors reports in pursuance of Section 135 (1) under para 24 (1) of part II of the Third Schedule of the Company Act. 1994

We, as the auditors, having examined the Financial Statements of Takaful Islami Insurance Limited for the year 31st December, 2007 and 2006, 2005, 2004 and 2003 CERTIFY, pursuant to Section 135(1) and Paragraph 24(1) of Part-II of Schedule -3 of the Companies Act, 1994, THAT:

01. The Statement of Operating Results of the Company is as under:

Particulars	31-12-2007 (Tk.)	31-12-2006 (Tk.)	31-12-2005 (Tk.)	31-12-2004 (Tk.)	31-12-2003 (Tk.)
A.					
Premium Less Re-Insurance	10,07,09,591	7,61,81,793	6,22,85,022	4,12,10,063	1,76,39,701
Commission on Re-Insurance ceded	1,60,30,357	1,26,30,934	1,06,84,854	61,74,615	58,23,638
	11,67,39,948	8,88,12,727	7,29,69,876	4,73,84,678	2,34,63,339
Add: Interest Income (Interest on Investment & Deposits with Bonds)	98,17,823	90,17,173	87,69,184	62,10,857	57,90,641
Total Income (A)	**12,65,57,771**	**9,78,29,900**	**8,17,39,060**	**5,35,95,535**	**2,92,53,980**
B.					
Claims under Policies Less Re-Insurance	1,20,78,256	76,19,548	1,07,73,750	1,02,22,328	49,62,189
Management Expenses	5,73,50,864	5,19,19,207	4,29,92,204	3,20,92,299	2,64,33,864
Agency Commission	2,53,71,492	2,06,30,225	94,46,192	0	0
Other Expenses	9,05,387	9,73,410	9,01,770	8,66,390	6,78,579
Total Expenditure (B)	**9,57,05,999**	**8,11,42,390**	**6,41,13,916**	**4,31,81,017**	**3,20,74,632**
Operating Results (A-B)	**3,08,51,772**	**1,66,87,510**	**1,76,25,144**	**1,04,14,518**	**(28,20,652)**

02. Statement of Assets and Liabilities is as under:

Particulars	31-12-2007	31-12-2006	31-12-2005	31-12-2004	31-12-2003
Investment	3,02,10,243	2,43,87,390	1,76,03,298	1,66,10,820	1,57,79,820
Fixed Assets	64,34,004	64,86,674	65,98,283	66,72,352	55,20,803
Current Assets	16,60,41,410	16,75,39,735	11,42,56,625	9,51,53,542	7,69,13,465
Non Current Assets	80,000	65,000	75,669	21,338	32,007
	20,27,65,657	19,84,78,799	13,85,33,875	11,84,58,052	9,82,46,095
Less: Current Liabilities	14,23,62,429	13,81,82,254	7,75,07,680	6,65,49,158	4,73,62,236
Total Net Assets	**6,04,03,228**	**6,02,96,545**	**6,10,26,195**	**5,19,08,894**	**5,08,83,859**
FINANCED BY:					
Share Capital	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
Reserve & Surplus	4,03,228	2,96,545	10,26,195	(80,91,106)	(91,16,141)
Total	**6,04,03,228**	**6,02,96,545**	**6,10,26,195**	**5,19,08,894**	**5,08,83,859**

03. Dividend Declared:
The Company has declared and paid dividend as stated below:

Year	Cash	Bonus	Total	Share Premium Taka per share
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006 (5%)	3,000,000	-	3,000,000	-
2007 (10%)	6,000,000	-	6,000,000	-

04 The Company has no subsidiaries.
05. No proceeds or part of the proceeds of the issue of shares were applied directly by the Company in the purchase of any business.
06. The Company did not prepare any accounts for any year subsequent to 31st December, 2007.

	Sd/-	Sd/-
Dated: 22nd March, 2008	A. Hoque & Co.	G. Kibria & Co.
Place: Dhaka, Bangladesh	Chartered Accountants	Chartered Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000
BALANCE SHEET AS AT 31ST DECEMBER, 2007 AND 31ST DECEMBER, 2006, 2005, 2004 AND 2003

CAPITAL AND LIABILITIES	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04	AMOUNT (TK.) 31-12-03
SHARE CAPITAL	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
PROFIT & LOSS APPROPRIATION ACCOUNT	4,03,228	2,96,545	10,26,195	(80,91,106)	(91,16,141)
RESERVE OR CONTINGENCY ACCOUNT	2,38,85,985	76,18,179			
BALANCE OF FUNDS AND ACCOUNTS	4,05,09,146	3,07,76,696	2,53,27,715	1,68,19,872	74,30,389
Fire Insurance Business	1,46,91,082	94,60,993	84,34,542	50,10,284	23,50,623
Marine Cargo Insurance Business	2,11,72,902	1,59,80,879	1,37,74,415	88,18,667	31,75,509
Marine Hull Insurance Business	3,75,515	5,06,631	6,89,509	5,59,744	6,24,182
Motor Insurance Business	36,39,204	32,00,679	18,70,225	10,68,835	8,25,187
Miscellaneous Insurance Business	6,30,443	16,27,514	5,59,024	13,62,342	4,54,888
OTHER SUMS OWING (Premium Deposits Account)	39,76,810	60,70,380	96,66,565	1,34,69,090	1,67,18,756
LIABILITIES AND PROVISIONS	7,39,90,488	9,37,16,999	4,25,13,400	3,62,60,196	2,32,13,091
Estimated Liabilities in respect of Outstanding Claims whether due or intimated	1,26,54,913	5,89,92,485	84,73,715	77,41,894	42,23,409
Amount due to other persons or bodies carrying on Insurance Business	4,60,29,473	2,92,06,897	3,29,37,419	2,66,56,717	1,64,32,834
Sundry Creditors (Including Provision For Expenses)	29,59,726	11,67,617	11,02,267	18,61,585	25,56,848
Provision for Income Tax	63,46,376	13,50,000	0	0	0
Proposed Dividend	60,00,000	30,00,000	0	0	0
TOTAL CAPITAL AND LIABILITIES	**20,27,65,657**	**19,84,78,799**	**13,85,33,876**	**11,84,58,052**	**9,82,46,095**

As per our separate report of even date annexed

	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Dated: 22nd March, 2008	Managing	Director	Director	Chairman	A. Hoque & Co.	G. Kibria & Co.
Place: Dhaka, Bangladesh	Director				Chartered Accountants	Chartered Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000
BALANCE SHEET AS AT 31ST DECEMBER, 2007 AND 31ST DECEMBER, 2006, 2005, 2004 AND 2003

PROPERTY AND ASSETS	AMOUNT(TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04	AMOUNT (TK.) 31-12-03
INVESTMENT -AT COST	3,02,10,243	2,43,87,390	1,76,03,298	1,66,10,820	1,57,79,820
Statutory Deposit with Bangladesh Bank in the form of 3 years NIB	90,00,000	90,00,000	90,00,000	90,00,000	90,00,000
Investment in Shares	2,12,10,243	1,53,87,390	86,03,298	76,10,820	67,79,820
PROFIT, INTEREST, DIVIDEND AND RENTS (Accrued but not due)	57,66,002	1,04,35,288	63,08,636	32,16,883	35,77,284
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	3,73,97,877	5,27,74,067	1,13,38,166	85,01,897	59,65,554
SUNDRY DEBTORS (Including Advances, Deposits and Pre-payments)	1,36,28,417	63,12,085	1,46,53,814	1,51,73,495	46,68,220
CASH AND BANK BALANCES	10,89,37,192	9,74,92,280	8,17,15,426	6,80,52,480	6,25,55,345
OTHER ACCOUNTS	68,25,926	70,77,689	69,14,535	69,02,477	56,99,872
Fixed Assets (At Cost Less Depreciation)	64,34,004	64,86,674	65,98,283	66,72,352	55,20,803
Stock of Printing and Stationery	2,22,500	2,10,020	1,54,500	1,22,362	1,12,350
Insurance Stamp in hand	89,422	3,15,995	86,083	86,425	34,712
Preliminary Expenses	0	0	10,669	21,338	32,007
IPO Expenses	80,000	65,000	65,000	0	0
TOTAL PROPERTY AND ASSETS	**20,27,65,657**	**19,84,78,799**	**13,85,33,875**	**11,84,58,052**	**9,82,46,095**

As per our separate report of even date annexed

	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Dated: 22nd March, 2008	Managing Director	Director	Director	Chairman	A. Hoque & Co. Chartered Accountants	G. Kibria & Co. Chartered Accountants
Place: Dhaka, Bangladesh						

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

PARTICULARS	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04	AM OUNT (TK.) 31-12-03
INTEREST- Interest on Investments & Deposits with Banks	98,17,823	90,17,173	87,69,183	62,10,857	57,90,641
Other Income	62,51,542	0	0	0	0
Profit /(Loss) Transferred from Revenue Accounts	1,52,40,212	56,27,549	1,09,24,232	(28,10,051)	(97,89,019)
Fire Revenue Account	(42,00,003)	(68,90,885)	18,996	(58,66,110)	(65,75,868)
Marine Cargo Revenue Account	1,78,15,230	1,22,78,388	1,22,66,590	50,80,533	1,164
Marine Hull Revenue Account	(2,07,080)	3,90,687	(6,94,299)	(73,071)	(6,24,143)
Motor Revenue Account	10,03,955	2,96,535	(4,36,097)	(24,88,522)	(19,02,212)
Miscellaneous Revenue Account	8,28,110	(4,47,176)	(2,30,958)	5,37,119	(6,87,960)
Profit / (Loss) Transferred to Profit & Loss Appropriation Account	0	0	0	0	62,09,611
Total	**3,13,09,577**	**1,46,44,722**	**1,96,93,415**	**34,00,806**	**22,11,233**
EXPENSES OF MANAGEMENT (Not Applicable to any particular Fund or Account)	39,38,712	34,06,193	1,05,76,114	23,75,771	22,11,233
Directors' Fees	2,42,000	2,28,000	2,20,000	2,11,000	2,39,000
Advertisement & Publicity	10,40,711	8,63,834	6,78,856	5,93,443	6,73,009
Subscription & Donation	7,91,000	3,70,000	3,32,422	3,52,622	3,65,930
Legal & Professional Fees	1,27,200	1,08,645	1,27,678	59,810	15,000
Preliminary Expenses	0	10,669	10,669	10,669	10,669
Registration & Renewal	7,14,664	7,87,304	4,39,388	2,25,006	2,19,715
Depreciation	9,05,387	9,62,741	8,91,101	8,55,721	6,67,910
Salary & Allowances (Head Office)	0	0	44,90,310	0	0
Lease Rental	0	0	14,59,290	0	0
Festival Bonus	0	0	19,01,400	0	0
Audit Fee	1,17,750	75,000	25,000	67,500	20,000
Profit/(Loss) Transferred to Profit & Loss Appropriation Account	2,73,70,865	1,12,38,529	91,17,301	10,25,035	0
Total	**3,13,09,577**	**1,46,44,722**	**1,96,93,415**	**34,00,806**	**22,11,233**

As per our separate report of even date annexed

	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Dated: 22nd March, 2008	Managing	Director	Director	Chairman	A. Hoque & Co.	G. Kibria & Co.
Place: Dhaka, Bangladesh	Director				Chartered Accountants	Chartered Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

PROFIT & LOSS APPROPRIATION ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

PARTICULARS	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04	AMOUNT (TK.) 31-12-03
Balance brought from the last year	2,96,545	10,26,195	0	0	0
Profit/ (Loss) for the year	2,73,70,865	1,12,38,529	91,17,301	10,25,035	(62,09,611)
Total	**2,76,67,410**	**1,22,64,724**	**91,17,301**	**10,25,035**	**(62,09,611)**
Loss transferred from previous year	0		80,91,106	91,16,141	29,06,530
Reserve for Exceptional Losses	1,62,67,806	76,18,179	0	0	0
Provision for Income Tax	49,96,376	13,50,000	0	0	0
Proposed Dividend	60,00,000	30,00,000	0	0	0
Balance Transferred to Balance Sheet	4,03,228	2,96,545	10,26,195	(80,91,106)	(91,16,141)
Total	**2,76,67,410**	**1,22,64,724**	**91,17,301**	**10,25,035**	**(62,09,611)**

As per our separate report of even date annexed

	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Dated: 22nd March, 2008	Managing Director	Director	Director	Chairman	A. Hoque & Co. Chartered Accountants	G. Kibria & Co. Chartered Accountants
Place: Dhaka, Bangladesh						

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

CONSOLIDATED REVENUE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

PARTICULARS	AMOUNT(TK.) 31-12-07	AMOUNT(TK.) 31-12-06	AMOUNT(TK.) 31-12-05	AMOUNT(TK.) 31-12-04	AMOUNT(TK.) 31-12-03
Balance of Funds and Accounts at the beginning of the year	3,07,76,696	2,53,27,715	1,68,19,870	74,30,389	40,41,431
Premium Less Re-Insurance	10,07,09,591	7,61,81,793	6,22,85,022	4,12,10,063	1,76,39,701
Commission on Re-Insurance ceded (Including Profit /Commission)	1,60,30,357	1,26,30,934	1,06,84,854	61,74,615	58,23,638
Loss Transferred to Profit & Loss Account	0	0	13,61,356	84,27,703	97,90,183
Total	**14,75,16,644**	**11,41,40,442**	**9,11,51,102**	**6,32,42,770**	**3,72,94,953**
Claims under Policies Less Re-Insurance					
Paid during the year	5,84,15,828	(4,28,99,222)	1,00,41,929	67,03,843	21,58,761
Total Estimated Liability in respect of Outstanding claims at the end of the year whether due or intimated	1,26,54,913	5,89,92,485	84,73,715	77,41,894	42,23,409
	7,10,70,741	1,60,93,263	1,85,15,644	1,44,45,737	63,82,170
Less: Outstanding Claims at the end of the previous year	5,89,92,485	84,73,715	77,41,894	42,23,409	14,19,981
	1,20,78,256	76,19,548	1,07,73,750	1,02,22,328	49,62,189
Agency Commission	2,53,71,492	2,06,30,225	94,46,192	0	0
Management Expenses	5,43,17,539	4,94,86,424	3,33,17,860	3,05,82,918	2,49,01,210
Reserve for Un-expired Risk being 40% of Premium Income of the year	4,05,09,145	3,07,76,696	2,53,27,715	1,68,19,872	74,30,390
Profit / (Loss) for the year Transferred to Profit & Loss Account	1,52,40,212	56,27,549	1,22,85,585	56,17,652	1,164
Total	**14,75,16,644**	**11,41,40,442**	**9,11,51,102**	**6,32,42,770**	**3,72,94,953**

As per our separate report of even date annexed

	Sd/-	Sd/-	Sd/	Sd/-	Sd/-	Sd/-
Dated: 22nd March, 2008	Managing	Director	Director	Chairman	A. Hoque & Co.	G. Kibria & Co.
Place: Dhaka, Bangladesh	Director				Chartered	Chartered
					Accountants	Accountants

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA COM. AREA, 7TH FLOOR, DHAKA-1000

STATEMENT OF CASH FLOW AS AT 31ST DECEMBER, 2007, 2006, 2005, 2004 AND 2003.

PARTICULARS	AMOUNT (TK.) 31-12-07	AMOUNT (TK.) 31-12-06	AMOUNT (TK.) 31-12-05	AMOUNT (TK.) 31-12-04	AMOUNT (TK.) 12-03
A. CASH FLOW FROM OPERATING ACTIVITIES:					
Cash Receipts from Customers and Others	14,55,38,457	11,08,96,212	7,63,66,938	4,09,14,318	2,82,20,667
Cash Paid to Suppliers and Employees	(12,74,17,976)	(8,74,84,135)	(6,08,94,482)	(3,25,78,913)	(1,27,74,103)
Cash Generated from Operations	**1,81,20,481**	**2,34,12,077**	**1,54,72,456**	**83,35,405**	**1,54,46,564**
Interest Paid	0	0	0	0	0
Income Tax Paid & Deducted at Source	0	0	0	0	0
Net Cash Generated from Operating Activities	**1,81,20,481**	**2,34,12,077**	**1,54,72,456**	**83,35,405**	**1,54,46,564**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment in Bonds/Shares	(58,22,853)	(67,84,092)	(9,92,478)	(8,31,000)	(27,70,000)
Acquisition of Property, Plant & Equipment etc.	(8,52,716)	(8,51,131)	(8,17,032)	(20,07,270)	(26,22,272)
Disposal of Property, Plant and Equipment	0	0	0	0	0
Net Cash used in Investing Activities	**(66,75,569)**	**(76,35,223)**	**(18,09,510)**	**(28,38,270)**	**(53,92,272)**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from Issuing of Shares	0	0	0	0	0
Proceeds from Short Term Borrowing	0	0	0	0	0
Re-payment of Short Term Loan	0	0	0	0	0
Re-payment of Long Term Loan	0	0	0	0	0
Net Cash Generated /(Used) in Financing Activities	**0**	**0**	**0**	**0**	**0**
Net Increase in Cash and Bank Balances	1,14,44,912	1,57,76,854	1,36,62,946	54,97,135	1,00,54,292
Cash and Bank Balances at Beginning of Year	9,74,92,280	8,17,15,426	6,80,52,480	6,25,55,345	5,25,01,053
Cash and Bank Balances at End of Year	**10,89,37,192**	**9,74,92,280**	**8,17,15,426**	**6,80,52,480**	**6,25,55,345**

As per our separate report of even date annexed

	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Dated: 22nd March, 2008	Managing Director	Director	Director	Chairman	A. Hoque & Co. Chartered Accountants	G. Kibria & Co. Chartered Accountants
Place: Dhaka, Bangladesh						

Selected Ratios as specified in Rule 8B (20) (C)- Annexure B of the " Securities and Exchange Commission (Public Issue) Rules, 2006"

This is to certify that the following ratios have been calculated on the basis of data taken from the financial statements certified by us:

Liquidity Ratios:		**2007**	**2006**	**2005**	**2004**	**2003**
Current Ratio	Current Assets/Current Liability	1.17	1.21	1.47	1.43	1.62
Quick Ratio	C.A- Inventories/CL.	1.16	1.21	1.47	1.43	1.62
Times Interest Earned Ratio	Income from Operation +Finance Cost/Finance Cost	N/A	N/A	N/A	N/A	N/A
Debt to Equity Ratio	Long Term Debt Share Holder Equity	N/A	N/A	N/A	N/A	N/A
Operating Ratios:						
Accounts Receivable Turnover Ratio	Sales/Receivable	N/A	N/A	N/A	N/A	N/A
Investor Turnover Ratio	Cost of Good Sold/Investor	N/A	N/A	N/A	N/A	N/A
Assets Turnover Ratio	Sales/Total Assets	N/A	N/A	N/A	N/A	N/A
Profitability						
Gross Margin Ration (%)	Underwriting Profit/Gross Premium	0.09	0.04	0.10	(0.04)	(0.20)
Operating Income Ratio (%)	Net Profit before/Tax/Net Premium	0.27	0.15	0.15	0.02	(0.35)
Net Income Ratio (%)	Net Profit after/Tax/Net Premium	0.22	0.13	0.15	0.02	(0.35)
Return on Assets Ratio (%)	Net Profit after tax/Average Assets	0.11	0.05	0.07	0.01	(0.06)
Return on Equity Ratio (%)	Net Profit after tax/Average Share Holders Equity	0.37	0.16	0.15	0.02	(0.12)
Earning per Share Ratio (EPS)	Net Profit after tax/No. of Share Holders	25.09	10.77	8.36	1.71	(10.35)

Sd/-
Abul Kashem Chowdhury
Managing Director

TAKAFUL ISLAMI INSURANCE LIMITED
42, DILKUSHA C/A, 7TH FLOOR, DHAKA -1000.

FORM "AA"

CLASSIFIED SUMMARY OF ASSETS AS AT 31ST DECEMBER, 2007

CLASS OF ASSETS	BOOK VALUE	MARKET VALUE	REMARKS
Deposit with Bangladesh Bank (National Investment Bond)	90,00,000	90,00,000	Realizable Value
Investment in Shares	2,12,10,243	5,62,33,374	Do
Cash on Fixed Deposit, TDR, STD, Current Account and Cash in Transit with Bank	10,48,75,693	10,48,75,693	Do
Cash in Hand	40,61,499	40,61,499	Do
Interest Accrued but not due/Profit, Interest, Dividend & Rent accrued but not due	57,66,002	57,66,002	Do
Sundry Debtors Including Advances, Deposits & Prepayments	1,36,28,417	1,36,28,417	Do
Stock of Printing and Stationery	2,22,500	2,22,500	At cost
Stamp in Hand	89,422	89,422	Do
Fixed Assets (At Cost less Depreciation)	64,34,004	64,34,004	Written down value
Amount due from other persons or bodies Carrying on Insurance business	3,73,97,877	3,73,97,877	Realizable Value
Total	**20,26,85,657**	**23,77,08,788**	

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka,Bangladesh

Special Report of The Auditors' Regarding
Paid–Up Capital of Takaful Islami Insurance Limited

Based on the audited Financial Statements for the year from 1st January 2007 to 31st Decemebr, 2007 and Examination of cash book and other books and records of Takaful Islami Insurance Limited, we certify that Paid–up Capital of Takaful Islami Insurance Limited as on 31st December, 2007 is Tk. 6,00,00,000.00 divided into 6,00,000 Ordinary Shares of Tk. 100/- each which is made up as follows:

Description	Number of Shares	Amount of Tk
Subscription as per the Memorandum & Articles of Association at the time of Incorporation	600,000	6,00,00,000.00
Total	600,000	6,00,00,000.00

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 22nd March, 2008
Place: Dhaka, Bangladesh

Additional disclosure by the Auditor

Additional disclosure on the Audited Accounts for the Year ended 31st December, 2007

Deffered Tax

As per normal practice prevailing in our country, income tax officer some times disallows some expenses based on estimates only. As a result, the difference in between the provision for income tax and the assessed tax becomes unavoidable because of timing difference, rate of depreciation in between tax depreciation and the accounting depreciation and other reasons arising from unpredictable disallowed expenses. As the outcome cannot be predicted, it is difficult to make an accurate estimate or calculation of deffered tax liability. Management assures us that such an exercise shall be carried out so that the accounting for deferred taxation can be introduced in the next finacial statements.

Sd/-
A. Hoque & Co.
Chartered accountants

Sd/-
G. Kibria & Co.
chartered accountants

Dated: 27-05-2008
Place: Dhaka,Bangladesh

Penalty

It is noted that no provision was made for penalty as imposed by the Chief Controller of Insurance in the audited accounts for the year ended 31st December, 2007 and a certification in respect of which is shown below

To whom it may concern

This is certify that Takaful Islami Insurance Limited did not make any provision in the audited accounts for the year ended 31st December, 2007 for penalty imposed by the Chief Controller Insurance of Insurance pursuant to Section 102 of the Insurance Act, 1938.

This is also certify that Subscription & Donation of Tk. 7,91,000/- only includes Tk. 2,18,500/-(Two Lac Eighteen Thousands Five Hundred) Only paid for non-compliance of IPO on 25-01-2007 vide Bangladesh Bank Challan No. MK-2/65 dated 25-01-2008 and a further amount of Tk. 7,64,500/- was paid on 12-03-2008 vide Bangladesh Bank Challan No. 70-2 dated 12-03- 2008 for the same purpose.

Sd/-
(Abul Kashem Chowdhury)
Managing Director

Confirmed by

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place:Dhaka,Bangladesh

Compliance of Section 3C of the Insurance Act, 1938 and Rule 44 of the 'Insurance Rules, 1958'

Provision of section 3C of " The Insurance Act, 1938" with regard to collection of premium as well as refund of premium and the collections of premium where the premium can be ascertained in advance under rule 44 of " The Insurance Rule, 1958" have been complied by the company. The break up of the class-wise premium is shown below:

Premium Income

Particulars	Amount (Tk.)
Fire Premium Income	7,17,99,477
Marine Cargo Premium Income	6,44,53,373
Marine Hull Premium Income	20,51,099
Motor Premium Income	1,03,56,581
Miscellaneous Premium Income	1,40,17,536
Total	16,26,78,066

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place:Dhaka,Bangladesh

Compliance of Section 27A, 27B, 29, 40, 40C of the Insurance Act, 1938 and Rule 40 of the 'Insurance Rules, 1958'

Compliance of Section 27A of the Insurance Act, 1938

The Section 27 deals with the provision for assets invested in Bangladesh and accordingly the **Optimum Investment** for the year ended 31st December, 2007 as per section 27A of the Insurance Act is given below:

	Particulars	Amount (Tk.)
	Liabilities (As per Sub Section 2)	
A.	Net Claim Outstanding	1,26,54,913
B.	40% of Net Premium (Fire, Marine, Cargo, Motor & Miscellaneous)	4,01,33,631
C.	100% of Net Premium (Marine Hull)	3,75,515
D.	Due to Other Persons or Bodies Carrying on Insurance Business	4,60,29,473
E.	Proposed Dividend	60,00,000
F.	Reserve for Taxation	63,46,376
G.	Sundry Creditors (Excluding Share Capital, General Reserve, Investment Reserve, Reserve for Bad & Doubtful Debts, Depreciation Fund)	29,59,726
	Total Liabilities (A to G)	**11,44,99,634**
	or	
	10% of the Net Premium	**1,00,70,959**
	Higher one is optimum investment as per Section 27A of Insurance Act, 1938(a)	**11,44,99,634**
	Actual Investment as at 31st December, 2007 (As per Section 27A, 3)	
	National Investment Bond	90,00,000
	Investment in Shares	2,12,10,243
	TDR / FDR	8,17,00,000
	Total Actual Investment (b)	**11,19,10,243**
	Short in Investment (a-b)	**25,89,391**

Section 27B of the Insurance Act, 1938

The Section 27B deals with the provision of restriction on certain investments and as per provision of the Section we look into matter and we have found that there is no investment by the Takaful Islami Insurance Limited or hold any shares or debentures of any company, firm or other business concern in which any of its directors, or any member of the family of such director, has any interest as Proprietor, Partner, Manager or Managing Agent.

Section 29 of the Insurance Act, 1938

The Section 29 of the Insurance Act, 1938 deals with provision of giving loan in certain cases and as per provision of this Section we look in to the matter and we have found thereon that no loan or temporary advance was granted to any member of the family of any director, manager, actuary, auditor or officer of the insurer either on hypothecation of property or personal security or otherwise or no loan or temporary advance was granted to any firm, or company in which any director, manager, actuary, auditor or officer of the company, or member of the family of such directors, manager, actuary, auditor or officer has any interest as Proprietor, Partner, Director, Manager or Managing Agent.

Section 40, 40C of the Insurance Act, 1938 and Rule 40 of the Insurance Rules, 1958

- Section 40 relates to life insurance business which does not come under the purview of our comment.
- Section 40C deals with the limitation of Expenses of Management of General Insurance business and in the light of the Section 40C and Rule 40 the Insurance Rule, 1958 the comparative figure of Management Expenses is given below:

Level of Premium		Allowable Amount of Expenditure		Actual Expenditure	Variance	Remarks
		%	Amount			
Fire, Motor & Miscellaneous						
1st	1,00,00,000	30	30,00,000			
Next	1,00,00,000	25	25,00,000			
Next	1,00,00,000	24	24,00,000			
Next	1,00,00,000	24	24,00,000			
Next	1,00,00,000	23	23,00,000			
Next	1,00,00,000	22	22,00,000			
Next	1,25,00,000	18	22,50,000			
Balance	2,36,73,594	16	37,87,775			
Total	**9,61,73,594**		**2,08,37,775**	**3,17,04,149**	**(1,08,66,374)**	**Adverse**
Marine						
1st	1,00,00,000	18	18,00,000			
Next	1,00,00,000	15	15,00,000			
Next	1,00,00,000	15	15,00,000			
Next	1,00,00,000	13	13,00,000			
Next	1,00,00,000	13	13,00,000			
Next	1,00,00,000	13	13,00,000			
Balance	65,04,471	11	7,15,492			
Total	**6,65,04,471**		**94,15,492**	**2,26,13,390**	**(1,31,97,898)**	**Adverse**
Additional allowance as per Rule 40(2) (iii) Interest earned on paid up capital = 98,17,823/- or 5% on Gross Premium (16,26,78,066/-x 5%= 81,33,903.30 Which ever is less			81,33,903			
Grand Total			**3,83,87,170**	**5,43,17,539**	**(1,59,30,369)**	**Adverse**

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Credit rating

To whom it may Concern

This is to certify that Takaful Islami Insurance Limited has credit rated by the Credit rating Agency of Bangladesh Limited on 18th December, 2007. The company is rated as Long Term–BB1 and Short Term- ST-4 by the credit rating company and which validity is one year.

The above rating is the integral part of the financial statements of 2007 as per condition no.3 of circular no. cÖtextwbt 21/21/98(Ask-1)-376 ZvwiL 12-03-2007.

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05- 2008
Place: Dhaka, Bangladesh

Year wise Breakup of Premium deposit

Year wise break up of Premium Deposit is given below:

Particulars	2003	2004	2005	2006	2007
(a) Opening Balance of Deposit Premium	28,36,026	1,67,18,756	1,34,69,090	96,66,565	60,70,380
(b) Add: Premium earned during the year	4,89,63,596	5,72,72,691	8,41,51,668	11,15,19,947	13,97,24,824
(c) (a+b)	**5,17,99,622**	**7,39,91,447**	**9,76,20,758**	**12,11,86,512**	**14,57,95,204**
(d) Less: Adjustment for Policy Issued Premium Income	3,50,80,866	6,05,22,357	8,79,54,193	11,51,16,132	14,18,18,394
(e) Closing Balance of Premium Deposit (c-d)	**1,67,18,756**	**1,34,69,090**	**96,66,565**	**60,70,380**	**39,76,810**

Sd/-
MANAGING DIRECTOR

Sd/-
DIRECTOR

Sd/-
VICE-CHAIRMAN

Sd/-
CHAIRMAN

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka,Bangladesh

Balance Confirmation

A.

It is noted that balance confirmation letters on positive request method for the confirmation directly to us were issued against the amount due to other persons or bodies carrying on insurance business and accordingly we have obtained all the letters as were dispatched to the parties for confirmation and we have found thereon none of the parties were in disagreement with the balances as per records of the books of accounts of the company

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka,Bangladesh

B.

It is noted that balance confirmation letters on positive request method for the confirmation directly to us were issued against the amount due to other persons or bodies carrying on insurance business and accordingly we have obtained all the letters as were dispatched to the parties for confirmation and we have found thereon none of the parties were in disagreement with the balances as per records of the books of accounts of the company.

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka,Bangladesh

Compliance of BAS- 17

The company has acquired 9 (nine) vehicles during the period from 2005 to 2007 by taking loan from leasing company under lease finance. These assets have not been included in the schedule of fixed assets of the company, because the title of the assets has not eventually been transferred to the lessee. Since the ownership will be transferred at the end of the lease period, the leasing company maintains the list of vehicles in their books of accounts and charges depreciation accordingly. The lessee only enjoys the benefits of utilization of vehicles and the installments paid to the leasing company are charged to revenue account as " Lease rental".

Therefore in this regard " BAS- 17" is not applicable to the company since the title of the assets has not eventually been transferred to the lessee.This standard applicable to those companies where title of the assets transferred instantly.

Sd/-
A. Hoque & Co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Rate of Dividend

It is noted that the rate of proposed dividend is 10% of the total paid up capital of the company and a certification in respect of which is shown under

To whom it may concern

This is to certify that the Board of Directors of Takaful islami Insurance Limited proposed to declare dividend @ 10% on its paid up capital for the year ended 31st December, 2007 which comes to the 60,00,000/- (Sixty lac) taka. This proposal was approved by the Board of Directors in the meeting held on 22-03-2008.

Sd/-
A. Hoque & co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Tax Deduct at Source

Tax deduct at Source has been deducted in accordance with the relevant section of the income Tax ordinace, 1984 by the concerned authorities for depositing into the Bank and it has been deposited accordingly. The break up of tax deduct at source is shown below:

Accounting Year	Assessment year	Deducted at Source				Total	Cumulative Balance
		From STD Interest	From FDR Interest	From Interest on NIB	From Dividend on Share		
2001	2002-2003	550	0	0	0	550	550
2002	2003-2004	7,434	2,12,321	0	51937	271,692	2,72,242
2003	2004-2005	21,029	3,92,211	0	0	413,240	6,85,482
2004	2005-2006	21,735	3,09,210	1,032,750	0	13,63,695	20,49,177
2005	2006-2007	39,123	4,19,737	0	0	4,58,860	25,08,037
2006	2007-2008	70,906	2,50,103	0	0	3,21,009	28,29,046
2007	2008-2009	87,747	9,20,202	6,88,500	0	16,96,449	45,25,495

Sd/-
A. Hoque & co.
Chartered Accountants

Sd/-
G. Kibria & Co.
Chartered Accountants

Dated: 27-05-2008
Place: Dhaka, Bangladesh

Additional disclosure by Management

Break up of addition of reserve for exceptional loss

This represents profit set-aside during the year under review as expenses to meet exceptional lossess. Maximum set-aside of profit has been allowed by paragraph 6(2) of 4th Schedule of the Income Tax Ordinance, 1984.
The Company has made following reserve against premium which is 10% of the gross premium income.

Sl No	Particulars	31-12-2007
1	Fire Insurance Business	71,79,948
2	Marine Cargo Insurance Business	64,45,337
3	Marine Hull Insurance Business	2,05,109
4	Motor Insurance Business	10,35,658
5	Miscellaneous Insurance Business	14,01,754
	Total	**1,62,67,806**

Dated: 4/6/2008
Place: Dhaka, Bangladesh

Sd/-
(Abul Kashem Chowdhury)
Managing Director

Schedule of Unpaid Dividend

Break up of the Unpaid Dividend is given below:

Name of the Shareholder	Amount (Tk.)	Subsequent Payment Status
Begum Husne Jahan	22,500.00	Paid
Md. Emdadul Haque	1,35,000.00	Paid
Mrs. Ferdous Rahman	2,02,500.00	Paid
Md. Anwar Hossain khan	90,000.00	Paid
Md. Hasnain Harun	4,05,000.00	Paid
Md. Abul Hashem	2,02,500.00	Paid
Alhaj Tofazzal Hossain	90,000.00	Paid
Rahima Begum	22,500.00	Paid
Md. Walliul Huq	45,000.00	Paid
Mrs. Nasreen Haque	2,02,500.00	Paid
Total	**14,17,500.00**	

Dated: 4/6/2008
Place: Dhaka,Bangladesh

Sd/-
(Abul Kashem Chowdhury)
Managing Director

RR Securities Limited under the head Sundry debtors

Amount due from RR Securities Ltd. represents the receivable sale proceeds of share sold in the last week of December, 2007 and it is subsequently reinvested in January, 2008.

Dated: 4/6/2008
Place: Dhaka, Bangladesh

Sd/-
(Abul Kashem Chowdhury)
Managing Director

Takaful Islami Insurance Limited

APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI (S)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Managing Director
Takaful Islami Insurance Limited
42, Dilkusha C/A, (7th Floor),
Dhaka-1000.

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the .... number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares .... of Tk. 100.00 each at par.
2. Amount of Tk. (*in figure*).................................,Taka (*inwords*)...only deposited vide Cash/Cheque/Draft/PayOrderNo...dated..on... ....Bank ....Branch.
3. Depository (B/O) Account Number

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4. I/we agree to fully abide by the instruction given herein.
5. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's name:	
Mothers name:	
Postal address:	
Occupation:	Nationality:
For refund warrant: Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's name:	
Mothers name :	
Postal address:	
Occupation:	Nationality:

6. I/we hereby declare that I/we have read the Prospectus of **Takaful Islami Insurance Limited,** and have willingly subscribed for .... no. of shares of Tk. 100.00 each on this form.
7. **Specimen Signature(s):**

(i) Name (*in block letters*):	Signature:
(ii) Name (*in block letters*):	Signature:

... ...

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk.............................(in word)..only from Mr./Mrs./Ms. .... being the application money for .... nos. of Ordinary Shares of **Takaful Islami Insurance Limited.**

Authorized Signature

Banker's Sl. No. **Seal and Date** **(Name & Designation)**

Instructions

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
4. Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criteria will not be considered for allotment purpose.
5. Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers to the Issue favoring "**Takaful Islami Insurance Limited** " and crossed "A/C Payee only " and must be drawn on a bank in the same town as the bank to which the application form has been sent.
6. In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form.
7. Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
8. Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and private companies must be accompanied by Memorandum of Association and Articles of Association and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
10. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required to keep their BO accounts operational till allotment of IPO shares.**
11. No receipt will be issued for the payment made with the application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
12. In the Case of non-allotment of securities , if the applicants bank accounts as mentioned in their IPO Application Forms are mentioned with the Bankers to the Issue and other Banks refund amount of those applicants will be directly credited into the respective accounts as mentioned in their IPO application Forms. Otherwise, refund will be made only through 'Account Payee' cheque(s) with the bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
13. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
14. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and /or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
15. The Bankers to the issue Banks shall be obliged to receive the A/C Payee Cheque (s) on the closing day of the subscription of the IPO.
16. Applications, which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

Bankers to the Issue

Investment Corporation of Bangladesh
Head Office, Dhaka
Local Office, Nayapaltan, Dhaka
Chittagong Branch, Chittagong
Rajshahi Branch, Rajshahi
Sylhet Branch, Jail Road, Sylhet
Bogra Branch, Station Road, Bogra
Khulna Branch, Khulna
Barishal Branch, Barishal

Al- Arafah Islami Bank Limited
Motijheel, Local Office, Dhaka
Moulvi Bazar Dhaka
Islampur Branch, Dhaka
Dilkusha, Branch, Dhaka
Nawabpur Road Branch, Dhaka
VIP Road Branch, Dhaka
Corporate Branch, Dhaka
Elephant Road Branch, Dhaka
Uttara Branch, Dhaka
NS Road Branch, Dhaka
Banani Branch, Dhaka
Mirpur Branch, Dhaka
Mouchak Branch, Dhaka
Dhanmondi Branch, Dhaka
Mohammadpur Branch, Dhaka
Comilla Branch, Comilla
Zindabazar Branch, Sylhet
Lal Dighir Par Branch, Sylhet
Khatunganj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
O.R. Nizam Road Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Barishal Branch, Barishal
Jessore Branch, Jessore
Joydevpur Chowrasta Branch, Joydevpur
Narayangonj Branch, Narayangonj

National Bank Limited
Bangshal Road Branch, Dhaka
Babubazar Branch. Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamgonj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Motijheel Branch, Dhaka
Mohakhali Branch, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Z H Sikder M.C. Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
North Brook Hall Branch, Dhaka
Lake Circus Branch, Kalabagan, Dhaka
Mohammadpur Branch, Dhaka
Pragati Sarani Branch, Dhaka
Jatrabari Branch, Dhaka
Savar Bazar Branch, Savar, Dhaka
Gazipur Branch, Gazipur
Pagla Bazar Branch, Narayangonj
Narayangonj Branch, Narayangonj
Narshingdi Branch, Narshingdi
Sylhet Branch, Sylhet
Anderkillah Branch, Chittagong
Agrabad Branch, Chittagong
Khatungonj Branch, Chittagong
Jubilee Road Branch, Chittagong
Sheikh Mujib Road Branch, Chittagong
Pahartali Branch, Chittagong
Tangail Branch, Tangail
Khulna Branch, Khulna
Rangpur Branch, Rangpur
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Barishal Branch, Barishal
Comilla Branch, Comilla

Shahjalal Islami Bank Limited
Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Foreign Exchange Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Bangshal Branch, Dhaka
Baipail (Dhaka EPZ) Branch, Dhaka
Satmasjid Road Branch, Dhaka
Banani Branch, Dhaka
Joypara Branch,Dohar, Dhaka
Motijheel Branch, Dhaka
Mirpur Branch, Dhaka
Savar Branch, Dhaka
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Muradpur Branch, Chittagong
Sylhet Branch, Sylhet
Dargah Gate Branch, Sylhet
Beani Bazar Branch, Sylhet
Moulvibazar Branch, Moulvi Bazar
Khulna Branch, Khulna

Southeast Bank Limited
Principal Branch, Dhaka
Corporate Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Kakrail Branch, Dhaka
Motijheel Branch, Dhaka
Karwan Bazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargaon Branch, Dhaka
Aganagar Branch, Dhaka
Shaymoli Branch, Dhaka
Madhabdi Branch (Rural), Narshingdi
Ashulia Branch (Rural), Ashulia, Dhaka
Joypara Branch (Rural), Dohar, Dhaka
Narayanganj Branch, Narayanganj
Khulna Branch, Khulna
Bandar Bazar Branch, (Islamic Banking) Sylhet
Moulvibazar Branch, Moulvibazar
Laldighirpaar Branch, Sylhet
Hetimgonj Branch, Sylhet
Chouhatta Branch, Sylhet
Shahjalal Uposhahar Branch, Sylhet
Kulaura Branch, Moulvibazar
Pathantula Branch, Sylhet
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatungonj Branch, Chittagong
Halishahar Branch, Chittagong
Pahartali Branch, Chittagong
Chowmuhani Branch, Noakhali
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, (Islami Banking) Cox's Bazar
Chhagalnaiya Branch, (Islami Banking), Feni
Feni Branch, Feni
Bashurhat Branch, Noakhali
Rangpur Branch, Rangpur

Islami Bank Bangladesh Limited
Local Office, Dhaka
Foreign Exchange Br., Dhaka
Farmgate Branch, Dhaka
Nawabpur Branch, Dhaka
Gulshan Branch, Dhaka
Mirpur Branch, Dhaka
C.M.B, Dhaka
New Market Branch, Dhaka
Mouchak Branch, Dhaka
Jatrabari Branch, Dhaka
Uttara Branch, Dhaka
Shyamoli Branch, Dhaka
Narayanganj Branch
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Cox's Bazar Branch
Khulna Branch
Barisal Branch
Jessore Branch
Bogra Branch
Rajshahi Branch
Dinajpur Branch
Comilla Branch
Chowmuhani Branch, Noakhali
Feni Branch
Sylhet Branch
Sitakunda Branch
Moulvi Bazar Branch
Kushtia Branch
Pabna Branch

Standard Chartered Bank

Alico Building, Motijheel, Dhaka
Mirpur, Dhaka

"Interested Persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager."

Takaful Islami Insurance Limited

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI (S)

(TO BE SENT DIRECTLY TO THE COMPANY'S CORPORATE OFFICE)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications or failing to comply with any of the instructions there in, applications may be rejected.

The Managing Director
Takaful Islami Insurance Limited
42, Dilkusha C/A, (7th Floor),
Dhaka-1000.

Dear Sir,

I/we apply for and request you to allot me/us the ..... number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further,I/we authorize you to place my/our name(s) on the Register of Members of the Company as the holder(s) of ……Shares allotted to me/us pursuant to this application and credit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Shares …….. of Tk. 100.00 each at par.
2. Amount of Tk. (*in figure*)……., (*in words*) ……..only Convertible into US Dollar 1.00 = Tk ……, UK Pound Sterling 1.00 = Tk ……, and Euro 1.00 = Tk …….. Payment by cheque/ draft no. …….. dated…… for US Dollar or UK Pound Sterling or Euro or TK……drawn on……Bank……Branch.
3. Depository (B/O) Account Number

(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4 I/we fully agree to abide by the instructions given herein.

5. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's name:	
Mothers name:	
Mailing address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	
For refund warrant: Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's name:	
Mothers name:	
Mailing address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	

Nominee:

Name:
Mailing address:

6. I/we hereby declare that I/we have read the Prospectus of **Takaful Islami Insurance Limited,** and have willingly subscribed for …. .....no. of shares of Tk. 100.00 each on this form.
7. **Specimen Signature(s):**

	Name in Block Letters	**Signature**
Sole/First Applicant:		
Second Applicant:		
Nominee:		

Instructions

1. As per provision of Depository Act, 1999 and regulations made thereunder shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criteria will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"Takaful Islami Insurance Limited"** and crossed "Account payee only".
5. An application shall be sent by the applicant directly to the Company within **31/08/2008** so as to reach the Company within **09/09/2008** Applications sent after **31/08/2008** or received by the Company after **09/09/2008** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payble at Dhaka with bank account number, Banks name and Branch as indicated in the Securities application form.
7. In case of over subscription, allotment shall be nmade by lottery solely in accordance with the instruction by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. In the Case of non-allotment of securities, if the applicants bank accounts as mentioned in their IPO Application Forms are mentioned with the Bankers to the Issue and other Banks refund amount of those applicants will be directly credited into the respective accounts as mentioned in their IPO application Forms. Otherwise, refund will be made only through 'Account Payee' cheque(s) with the bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
13. The intending NRB applicants shall deposit share money by US$ / UK Pound Sterling / Euro draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreigncurrency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank,for the value of securites applied for through crossed bank cheque marking ' Account Payee only'. So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
14. The spot buying rate (TT Clean) in US$ and UK Pound Sterling / Euro of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.
15. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, duel citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
16. In case of joint NRB application joint applicants shall also submit supporting papers/documents in supported of their being an NRB as mentioned in para-14 above.
17. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
18. **The Securities and Exchange Commission has decided that the primary shares allotted to an applicant through IPO may be forfeited by SEC, if the BO account of the said applicant is found closed at the time of allotment of shares. So, all IPO applicants are required keep their BO accounts operational till allotment of IPO shares.**
19. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRNENCY DRAFT/PAY ORDER, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

Shariah Council

Sl. No.	Name, Address & Telephone	Status
01	**Moulana Kamaluddin Jafree** Principal Jameya Kashemia, Narsingdi. Res: 8016248,0621-3165 Mob: 01713-049846	Chairman
02	**Prof. Sharif Hossain** Islami Economics Research Bureau 60/E, Purana Paltan, Dhaka. Off: 7168745, Res: 9336440 Mob: 01711-056287	Member Secretary
03	**Mufti Sayed Ahmed Muzaddedi** Al-Jamiatus Siddikiah Darul Ulum Darus Salam, Mirpur, Dhaka. Off: 9003061, 8013422 Mob: 01711-206514	Member
04	**Moulana Rafiqur Rahman Madani** Chairman, Department of Islamic Studies B.I.U., Dhaka. Mob: 01711-547493	Member
05	**Moulana Abdul Hakim Madani** C/o, Moulana Rafiqur Rahman Madani Chairman, Department of Isalmic Studies B.I.U., Dhaka. Mob: 01711-732257	Member
06	**Prof. Moulana A.B.M Masum Billah** Secretary Central Shariah Mob:01711-883837	Member
07	**Md. Mizanur Rahman** Deputy Controller of Insurance Department of Insurance Government of Bangladesh 139, Motijheel C/A, Dhaka Tell: 9567851	Member

Additional Disclosure by The Management

Rectification /Amendmend in the Audited accounts for the period ended 31st December 2007

The audited accounts of Takaful Islami Insurance Limited for the year ended 31st December, 2007 approved by the Board on 22/3/2008. Subsequently as per SECs requirement The Board of Takaful Islami Insurance Limited in its 33rd Board Meeting held on 27th May, 2008 approved the rectification/amendmend of Profit and Loss Accounts, Cash Flow Statement, and note no. 1.00, 3.00, 37.00, 39.00, 40.00, 41.00 of the audited accounts and inclusion of Statement of Changes in Equity in the audited accounts for the period ended 31st December 2007. The auditor has also certified the same as on 27.05.2008.

Sd/-
(Abul Kashem Choudhury)
Managing Director

Entitlement of the dividend

The Board of Takaful Islami Insurance Limited in its 32nd meeting held on 22/03/2008 has recommended dividend @10% on the basis of audited accounts for the year ended 31st December, 2007. If the dividend is approved in subsequent Annual General Meeting, the IPO applicant shall not be entitled to such dividend.

Sd/-
(**Abul Kashem Chowdhury**)
Managing Director